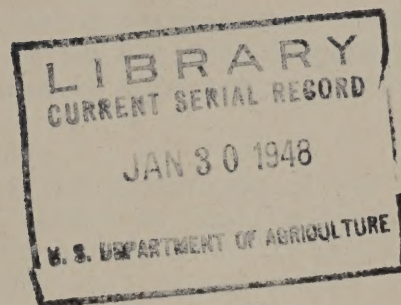


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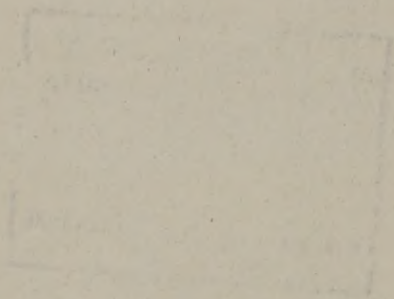
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REA BOOKKEEPING COURSE

Text No. 17  
(Revised 5-28-46)

Operations Accounting - End of Year





UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration  
Finance Division  
Washington 25, D. C.

OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17

(Revised)

1. INTRODUCTION

In Text No. 16 the discussion concerned the operating transactions which occurred during the month of November, 1945, for the 48 States Electric Cooperative. At the end of that text, all transactions were posted to appropriate accounts and a trial balance was taken.

In this text we shall continue our discussion of the operations of the 48 States Electric Cooperative for the month of December, 1945. We shall not attempt to furnish a detailed explanation for each event and entry, since it would be a repetition of what was given in the previous text. All of the normal operating income and expense transactions will be given and postings made to the general ledger accounts. At the close of the text, a trial balance will be taken and the books closed for the year.

2. DECEMBER TRANSACTIONS

<u>EVENTS</u> (1)	:	<u>ENTRIES</u> (1)	<u>Debit</u>	<u>Credit</u>
On December 10 penalties were assessed against unpaid November bills.	:	125.1 Accounts Receivable-Electric Consumers	\$ 15.10	
	:	612 Consumers' Deferred Discounts and Penalties		\$ 15.10
	:			
	:	To record consumer penalties assessed in December		
	:			

After the meters had been read, bills prepared, and postings made to the consumers' ledger, a tape was taken of consumer bills as a basis for the following journal entry:

(2)	:	(2)		
Sales for the month of December 1945.	:	125.1 Accounts Receivable-Electric Consumers	\$6,260.00	
	:	600 Residential Sales		\$ 235.00
	:	601.1 Rural Sales-Farm		3,575.00
	:	601.2 " " Non Farm		590.00
	:	602.1 Commercial Sales - Small		1,260.00
	:	602.2 " Sales - Large		420.00
	:	603 Public Street & Highway Lighting		180.00
	:	To record sales for the month of December, 1945.		



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<u>EVENTS</u>	:	<u>ENTRIES</u>		
(3)	:	(3)	<u>Debit</u>	<u>Credit</u>
Cash collections for the month were	:	120.1 Cash-General	\$6,000.00	
made and entered in the cash	:	125.1 Accounts Receiv-		
received book.	:	able-Electric		
	:	consumers		\$6,000.00
	:			
	:	Collections for the month of		
	:	December.		
	:			

From the daily record of work performed, a summary was made of employees' time and earnings for the month of December with the following distribution:

PAYROLL DISTRIBUTION FOR DECEMBER, 1945

<u>Account</u>	<u>Manager</u>	<u>Bookkeeper</u>	<u>Stenographer</u>	<u>Lineman</u>	<u>Total</u>
	\$200.00	\$150.00	\$100.00	\$150.00	
761	15.00			50.75	65.75
763	2.00			10.00	12.00
768	30.00			45.25	75.25
775	3.00			10.00	13.00
780	15.00	70.50	56.00	34.00	175.50
787	15.00		8.50		23.50
791	120.00	79.50	35.50		235.00
Total	200.00	150.00	100.00	150.00	600.00
Less:					
Soc. Sec.					
O.A.B.Tax (2.00)	(1.50)	(1.00)	(1.50)		(6.00)
Income Tax					
Withheld (17.00)	(22.00)	(5.00)	(24.00)		(68.00)
	\$181.00	126.50	94.00	124.50	526.00

(4)	:	(4)	
General Funds checks Nos. 47, 48	:	761 Operation of Lines	\$65.75
49, and 50 were issued for the net	:	763 Operation of Street	
amounts due each employee. The	:	Lighting and Signal	
postings were made from the cash	:	Systems	12.00
disbursement sheet.	:	768 Maintenance of Lines	75.25
	:	775 Maintenance of Street	
	:	Lighting and Signal	
	:	Systems	13.00
	:		



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<u>EVENTS</u>		<u>ENTRIES</u>		<u>Debit</u>	<u>Credit</u>
(4) (Cont.)	:	(4) (Cont.)	:		
	:	780 Motor Reading	:		
	:	Accounting & Collect-	:		
	:	ing	:	\$175.50	
	:	787 Utilization	:	23.50	
	:	791 General Office	:		
	:	Salaries	:	235.00	
	:	228.3 Accrued U.S. Social	:		
	:	Security Tax - Old	:		
	:	Age Benefit	:		\$ 6.00
	:	230.2 Accrued Employees In-	:		
	:	come Tax Withheld	:		68.00
	:	120.1 Cash-General	:		526.00
	:	Issued General Funds Checks Nos.	:		
	:	47 through 50 in payment of	:		
	:	salaries for December.	:		
(5)	:	(5)	:		
Recorded employer's portion of	:	507.3 Taxes - U. S. Social	:		
U.S. Social Security Tax, O.A.B.,	:	Security - O.A.B.	:	\$ 6.00	
for the month of December, 1945	:	228.3 Accrued U. S.	:		
on the following salaries:	:	Social Security Tax -	:		
	:	O.A.B.	:	\$ 6.00	
Manager \$200.00	:		:		
Bookkeeper 150.00	:	To record employer's portion	:		
Stenographer 100.00	:	of U.S. Social Security, O.A.B.,	:		
Lineman 150.00	:	Tax for the month of December, 1945.	:		
(6)	:	(6)	:		
Recorded State and U.S. Social	:	507.2 Taxes - U.S. Social	:		
Security Tax, Unemployment, for	:	Security - Unemployment	:	\$ 1.80	
the month of December, 1945.	:	507.4 Taxes - State Social	:		
	:	Security - Unemployment	:	16.20	
	:	228.2 Accrued U.S. Social	:		
	:	Security Tax - Unemployment	:	\$ 1.80	
	:	228.4 Accrued State Social	:		
	:	Security Tax - Unemployment	:		16.20
	:	To record unemployment tax liability	:		
	:	to State & Federal Governments for the	:		
	:	month of December, 1945.	:		



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<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(7)	:	(7)		
Accrued Property Taxes for	:	507.1 Taxes - Property	\$100.00	
December, 1945	:	228.1 Accrued Property		
	:	Taxes		\$100.00
	:	To record accrual of		
	:	Property Taxes for month		
	:	of December.		

From the insurance register and the payroll records the necessary information was obtained to make the journal entry recording insurance expense for the month of December:

(8)	:	(8)		
Recorded insurance expense for	:	798 Insurance	4.00	
the month of December, 1945.	:	799 Injuries and Damages	6.00	
	:	903 Transportation Expenses-		
	:	Clearing	3.75	
	:	132.1 Prepayments Insurance		7.75
	:	230.4 Accrued Insurance		6.00
	:	To record insurance expense		
	:	for the month of December.		

For the purpose of illustration, we shall assume that the balances in the electric plant accounts remain the same for December as were shown for the month of November. Thus, the depreciation charges were identical for the two months.

(9)	:	(9)		
Set up depreciation for December,	:	503.3 Depreciation of		
1945, on distribution plant	:	Distribution Plant	1096.21	
	:	250.3 Reserve for De-		
	:	preciation of Distri-		
	:	bution Plant		1096.21
	:	To record depreciation on		
	:	distribution system for the		
	:	month of December, 1945.		



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<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(10)	:	(10)		
Recorded depreciation on general	:	:903 Transportation Expenses-		
plant for the month of December,	:	: Clearing	\$ 29.09	
1945.	:	:503.4 Depreciation of		
	:	: General Plant	6.35	
	:	:250.4 Reserve for Deprecia-		
	:	: tion of General Plant		\$ 35.44
	:			
	:	:To record general plant		
	:	:depreciation for December.		
(11)	:	(11)		
A statement was received showing the	:	:530.1 Interest on REA		
accrued, deferred interest on the	:	: Construction Loan	\$672.25	
funds borrowed from REA.	:	:229.4 Interest Accrued -		
	:	: Deferred - REA		
	:	: Construction		\$672.25
	:			
	:	:To record accumulated interest		
	:	:for December on obligation to		
	:	:REA.		
(12)	:	(12)		
Paid for gas and oil used in truck	:	:903 Transportation Expenses-		
during the month of December, 1945.	:	: Clearing	\$ 35.00	
Issued General Funds Check No. 51 in	:	:120.1 Cash-General		\$ 35.00
the amount of \$35.00.	:			
	:			
	:	:Gas & Oil for December.		
(13)	:	(13)		
Paid for repair to truck. Issued	:	:903 Transportation Expenses-		
General Funds Check No. 52 in the	:	: Clearing	\$ 8.91	
amount of \$8.91.	:	:120.1 Cash-General		\$ 8.91
	:			
	:	:Truck repairs paid.		
(14)	:	(14)		
Purchased anti-freeze for truck.	:	:903 Transportation Expenses-		
Issued General Funds Check No. 53 in	:	: Clearing	\$ 1.25	
the amount of \$1.25.	:	:120.1 Cash-General		\$ 1.25
	:			
	:	:Anti-freeze purchased.		



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<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(15)	:	(15)		
Cleared Account 903 - Transportation	:761	Operation of Lines	\$ 43.00	
Expenses - Clearing	:768	Maintenance of Lines	35.00	
	:903	Transportation Expenses- Clearing		\$ 78.00
	:			
	:	To clear transportation expenses		
	:	to appropriate accounts.		
	:			
(16)	:	(16)		
Paid for telephone & telegraph service for the month of December, 1945, by General Funds Check No. 54 in the amount of \$11.30.	:793	General Office Expenses	\$ 11.30	
	:120.1	Cash-General		\$ 11.30
	:			
	:	Paid for telephone & telegraph service.		
	:			
(17)	:	(17)		
Paid wholesale power bill for the month of December, 1945. Issued General Funds Check No. 55 in the amount of \$735.00.	:738	Purchased Power	\$735.00	
	:120.1	Cash-General		\$735.00
	:			
	:			
	:	Paid wholesale power bill for December.		
	:			
(18)	:	(18)		
Paid bank service charges. Issued General Funds Check No. 56 for \$1.75.	:793	General Office Expenses	\$ 1.75	
	:120.1	Cash-General		\$ 1.75
	:			
	:			
	:	Paid bank service charges.		
	:			
(19)	:	(19)		
Paid directors' fees for the month of December, 1945. Issued General Funds Checks Nos. 57, 58, 59, 60, 61 62 and 63.	:801.1	Directors' Fees and Mileage	35.00	
	:120.1	Cash-General		35.00
	:			
	:	Paid directors' fees for December.		
	:			
	:			
	:			
	:			



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<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(20)	:	(20)		
Drew Check No. 64 on General Funds	:793	General Office		
to reimburse Petty Cash Funds for	:	Expenses	\$ 11.00	
\$11.00:	:120.1	Cash-General		\$11.00
	:			
Accounting Forms \$2.00	:	Replenished Petty Cash:		
Stationery 3.00	:			
Janitor Supplies 4.00	:	Accounting Forms \$2.00		
Janitor Service 2.00	:	Stationery 3.00		
	:	Janitor Supplies 4.00		
	:	Janitor Service 2.00		
	:	\$11.00		
	:			
(21)	:	(21)		
Issued General Funds Check No. 65 for	:222.1	Accounts Payable -		
\$50.00 for rent for the months of	:	General	\$25.00	
November and December, 1945.	:803	Rents	25.00	
	:120.1	Cash-General		\$50.00
	:			
	:	Paid rent for November and		
	:	December.		
	:			
(22)	:	(22)		
Issued General Funds Check No. 66	:120.6	Transfer of Cash	\$10.00	
to reimburse REA Construction	:120.1	Cash-General		\$10.00
Funds for payment of Federal Docu-	:			
mentary Tax by REA Construction	:	Reimbursed REA Construction		
Funds Check No. 67 in the amount	:	Funds for Fed. Doc. Stamps.		
of \$10.00, since this type of dis-	:			
bursement is not allowable from	:			
loan funds.	:			
	:			
(22A)	:	(22A)		
Deposited General Funds Check No.	:120.2	Cash REA Con-		
66 in REA Construction Funds.	:	struction Fund-		
	:	Trustee	\$10.00	
	:120.6	Transfer of Cash		\$10.00
	:			
	:	Received refund from General Funds for		
	:	purchase of Federal Documentary Tax stamps.		



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<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(23)	:	(23)		
A consumer's check marked N.S.F. was	:	:125.3 Unpaid Checks		
returned by the bank.	:	:Returned	\$ 3.11	
	:	:120.1 Cash-General		\$ 3.11
	:	:Consumer's check returned.		
(24)	:	(24)		
Issued General Funds check No. 67 to	:	:230.2 Accrued Employees'		
Collector of Internal Revenue in pay-	:	:Income Tax Withheld	\$180.00	
ment of Income Tax withheld from em-	:	:120.1 Cash-General		\$180.00
ployees' salaries during last quarter	:			
of 1945.	:	:Paid employees' withheld		
	:	:Income Tax to Collector of		
	:	:Internal Revenue.		
(25)	:	(25)		
Reimbursed General Funds for salaries	:	:120.6 Transfer of Cash	\$ 44.80	
paid on G.F. Checks Nos. 28 to 31 paid	:	:120.2 Cash-REA Construc-		
to manager and lineman for work order	:	:tion Fund-Trustee		\$ 44.80
construction; issued REA Construction	:			
Check No. 68 in the amount of \$44.80	:	:Reimbursed General Funds		
	:	:for payment of construction		
	:	:salaries.		
(25A)	:	(25A)		
Deposited REA Construction Check	:	:120.1 Cash-General	\$ 44.80	
No. 68 in General Funds.	:	:120.6 Transfer of Cash		\$ 44.80
	:			
	:	:Received refund from REA		
	:	:Construction Funds for payment		
	:	:of construction salaries on		
	:	:General Funds Checks Nos. 28		
	:	:and 31.		
	:			



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The method of reimbursing General Funds for payment of taxes properly allowable from REA Construction Funds is illustrated in Event No. 27. (Payment of all taxes by General Funds and reimbursement of the construction portion is the procedure recommended in the present "Bookkeepers' Handbook.")

<u>EVENTS</u>	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(26)	(26)		
1/12 of membership fee in State Electrical Organization applicable to operation expense for the month of December, 1945, was so charged.	:801.2 Dues Paid Associated Organizations	\$10.00	
	:132.2 Other Prepayments		\$10.00
	:To charge monthly portion of State Electrical Organization membership fee to expense.		
(27)	(27)		
Issued REA Construction Check No. 69 to reimburse General Funds for payment of Income Tax withheld applicable to salaries paid from REA Construction Funds on Checks Nos. 38, 39, and 40.	:120.6 Transfer of Cash	\$44.00	
	:120.2 Cash-REA Construction Fund		\$44.00
	:To reimburse General Funds for construction portion of withheld Income Tax paid to the Collector of Internal Revenue.		
(27A)	(27A)		
Deposited REA Construction Check No. 69 in General Funds.	:120.1 Cash-General	\$44.00	
	:120.6 Transfer of Cash		\$44.00
	:To record receipt of reimbursement from REA Construction Funds for payment of taxes allowable from those funds.		

3. RESERVE FOR UNCOLLECTIBLE CONSUMERS' ACCOUNTS

In order to prevent fluctuations in the expense accounts because of bad-debt losses, REA has prescribed for the use of the systems a method of establishing and maintaining a reserve for uncollectible consumers' accounts. The method is fully explained in Finance Division Bulletin No. 20, dated January 15, 1943, and the student is referred to that bulletin for further study.

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The reserve is to be established as of the first of a year by aging the consumers' accounts and applying the following percentages thereto:

Total amounts due from consumers billed but never served 90%  
Total amounts due from consumers with portions of their  
unpaid balances delinquent:

90 days or more	50%
60 days to 89 days	30%
30 days to 59 days	15%
1 day to 29 days	0%

From this calculation a journal entry is made debiting Account 414 - Miscellaneous Debits to Surplus and Crediting Account 254.2-Reserve for Uncollectible Accounts--Electric Consumers with the estimated loss thus arrived at.

The reserve is maintained by a journal entry each month debiting Account 783 - Uncollectible Accounts and crediting Account 254.2 with a provision for estimated losses from uncollectible accounts based on a rate developed from past experience. This percentage rate is obtained by first ascertaining all losses of this type to date, including those estimated above, and dividing that amount by the total revenue from energy sales to the date at which the reserve was established. The percentage rate is then applied to the gross revenue from energy sales each month to obtain the figure for use in the journal entry.

For example, if the total past losses divided by the gross revenues to date should result in a quotient of .00145, a rate of .145% would be applied against the revenue of a given month. Thus, a revenue of \$4,000 would call for the following entry:

	<u>Debit</u>	<u>Credit</u>
783 - Uncollectible Accounts	\$ 5.80	
254.2 Reserve for Uncollectible Accounts - Electric Consumers		\$ 5.80

To record possible bad-debt losses, based upon past experience, by applying a rate of .145% against revenues of \$4,000 for the month of \_\_\_\_\_.

When REA approval has been granted for writing off accounts determined to be uncollectible, the write-off should be recorded by debiting Reserve for Uncollectible Accounts and crediting Accounts Receivable - Consumers in a journal entry specifying which accounts are written off.



If collections are made on accounts previously written off, such collections should be debited to Account 120.1 Cash-General and credited to Account 254.2 Reserve for Uncollectible Accounts-Electric Consumers.

The procedures described above have not been illustrated in the examples and problems of this course because the fictitious organizations, the transactions of which have been outlined herein, have not been carried through operating periods of sufficient length to make practicable the establishment of reserves for uncollectible consumers' accounts.

#### 4. GENERAL

Upon referring to the trial balance at the end of this text, and to Account 222.2 Accounts Payable - Special Construction, it will be noted that the balance represents the 10% withheld from the contractor and the engineer in accordance with the terms of their respective contracts.

It was necessary to record these unpaid balances in order to reflect the total cost of construction as well as unpaid obligation. It was also necessary to withhold payment of 10% pending the execution of the necessary documents in connection with the contracts.

#### 5. CLOSING THE BOOKS

##### a. Comparative Trial Balance:

As will be noted from reading the texts relative to REA bookkeeping procedures, the ledger accounts are not closed each month. As of December 31, after all entries have been posted, the accounts are ruled. The balances of those not closed out are brought forward to the new year as indicated by the accounts included in this text.

After all entries for the year have been posted to the various accounts, the balances are determined and inserted in pencil in the appropriate balance column. A comparative trial balance is prepared as illustrated by the attached specimen.

After balances of all accounts have been listed on the trial balance, the debit and credit columns are totaled. If total debits equal the total credits, the general ledger is in balance.

11.

The account balances as of November 30, 1945, are inserted under the heading "Trial Balance, Nov. 30, 1945." The debit and credit columns should be totaled to prove the accuracy of the work.

The caption headed "Changes During the Month" represents the debit and credit postings made for the month of December as indicated by the general ledger accounts. For each account, the balance listed as of November 30,



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1945, plus any debit and minus any credit shown equals the balance for December 31, 1945. The balance thus obtained and shown under the heading "Trial Balance, December 31, 1945," must agree with the actual balance at that date as it appears in the account in the general ledger.

In the section headed "Operating Statement, December 31, 1945," there should be entered the expense and income account balances shown by the column for the December 31 trial balance. Asset and liability account balances should be entered in the section headed "Balance Sheet, December 31, 1945."

The debit and credit columns under the "Operating Statement" caption should be totaled, as shown on the attached specimen. It will be noted that the total of the income column is in excess of the expense column, indicating that the cooperative has earnings. The amount of these earnings is determined by subtracting the total debits from the total credits. The result in figures is shown in the debit column in order that the totals of the debits and credits under the "Operating Statement" caption will balance. Likewise, the amount of net earnings is shown as a credit in the "Balance Sheet" columns, as the amount will be reflected in the balance of Account 271 - Earned Surplus. The Balance Sheet columns should now be totaled and it will be noted that the assets are in excess of the liabilities. The net earnings, when included in the liability column as shown, bring the totals of the Balance Sheet columns in agreement.

It is highly important when preparing the trial balance to see that the various debit and credit columns are in agreement, step by step, so that the accuracy of the work may be proved.

### b. Closing Journal Entries:

In the texts relative to general accounting principles, expense and income account balances at the end of the accounting period were closed to a "Profit and Loss" account. The resultant Profit and Loss account balance was then closed to the "Surplus" account.

REA procedure, which is based on accounting practices prescribed by the Federal Power Commission, requires that income and expense account balances be closed direct to surplus. The Profit and Loss account is not used.

The account balances for the closing journal entries for the year may now be obtained from the Operating Statement columns of the comparative trial balance.



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<u>EVENTS</u> (28)	:	<u>ENTRIES</u> (28)	<u>Debit</u>	<u>Credit</u>
Transferred revenue account	:	:600 Residential Sales	\$ 445.00	
balances to surplus	:	:601.1 Rural Sales - Farm	6,960.00	
	:	:601.2 Rural Sales -		
	:	: Non-Farm	1,160.00	
	:	:602.1 Commercial and		
	:	: Industrial Sales -		
	:	: Small	2,400.00	
	:	:602.2 Commercial and		
	:	: Industrial Sales -		
	:	: Large	810.00	
	:	:603 Public Street and		
	:	: Highway Lighting	340.00	
	:	:612 Consumers' Forfeited		
	:	: Discounts and Penal-		
	:	: ties	15.10	
	:	:271 Earned Surplus		\$12,130.10
	:			
	:	:To transfer revenue accounts		
	:	:for the year 1945 to Earned		
	:	:Surplus account.		
	:			
(29)	:	(29)		
Closed expense account balances into:	:	:271 Earned Surplus	\$6,761.29	
surplus.	:	:503.3 Depreciation of		
	:	: Distribution Plant		\$2,192.42
	:	:503.4 Depreciation of		
	:	: General Plant		12.70
	:	:507.1 Taxes - Property		200.00
	:	:507.2 Taxes - U.S. Social		
	:	: Security - Unemployment		3.30
	:	:507.3 Taxes - U.S. Social		
	:	: Security - O.A.B.		10.99
	:	:507.4 Taxes - State Social		
	:	: Security - Unemployment		29.67
	:	:530.1 Interest on REA Construction		
	:	: Loan		1,322.82
	:	:738 Purchased Power		1,455.00
	:	:761 Operation of Lines		219.77
	:	:763 Operation of Street		
	:	: Lighting and Signal		
	:	: Systems		14.00
	:	:768 Maintenance of Lines		250.83
	:	:775 Maintenance of Street		
	:	: Lighting and Signal		
	:	: Systems		20.50

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<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(29)	:	(29)		
Closed expense account balances into:	780	Meter Reading, Account-		
surplus. (Cont.)	:	ing and Collecting		\$331.00
	:787	Utilization		50.75
	:791	General Office Salaries		425.00
	:793	General Office Expenses		55.54
	:798	Insurance		8.00
	:799	Injuries and Damages		12.00
	:801.1	Directors' Fees and Mileage		74.00
	:801.2	Dues Paid Associated Organiza-		
	:	tions		20.00
	:801.4	Miscellaneous General Expenses		3.00
	:803	Rents		50.00
	:			
	:	To close expense accounts for the year 1945		
	:	to Earned Surplus account.		



OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

As indicated on the post-closing trial balance attached, the net earnings for the year, after the closing journal entries have been posted to the general ledger, will be reflected as a credit balance in Account 271 - Earned Surplus.

Throughout Texts Nos. 15, 16, and 17 which relate to bookkeeping transactions as outlined for the 48 States Electric Cooperative, each such transaction was presented by first giving a brief description and then showing the type of entry which would be necessary properly to record it. The entries were shown in journal form purposely in order that the student would obtain a clearer understanding as to the purpose and intent of the entry by reference to the brief explanation shown opposite. Each individual entry was posted in detail to the general ledger accounts, enabling the student more easily to connect the entry with the principles involved.

In actual bookkeeping practice, the various entries which have been included in Texts Nos. 15, 16 and 17 would be entered in chronological order in the various books of original entry described in Text No. 13.

In order that the student may be able to understand how the various bookkeeping transactions of the cooperative are recorded in the books of account prescribed by REA, all of the cash transactions of this text for the month of December have been recorded as shown by the specimen forms attached. For the purpose of becoming more familiar with the detail of forms of books in use, the reader should trace all December transactions as recorded. No formal General Journal was set up, because the form of a purely journal type of entry has been closely approximated throughout the text.

Attention is called to the summary of the miscellaneous column illustrated on the Cash General Check Register. The purpose of summaries such as this is to facilitate posting to the General Ledger the total of the amounts applicable to each account appearing in the miscellaneous column.





103.3 - CONSTRUCTION WORK IN PROCESS - FORCE ACCOUNT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		306.49			
1946							
Jan.	1					306.49	





103.4 -- UNCLASSIFIED ELECTRIC PLANT IN SERVICE

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credits
1945							
Dec.	1	Forward		367,752.75		367,752.75	





120.1 CASH - GENERAL

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		4,048.58	526.00		
	31	Energy sales collections	3	6,000.00	35.00		
		Reimbursement for constr. salaries	25A	44.80	8.91		
		Reimbursement for tax payments	27A	44.00	1.25		
		Salaries for December	4		735.00		
		Gas and oil	12		35.00		
		Truck repairs	13		11.75		
		Anti-freeze	14		1.00		
		Telephone & telegraph	16		50.00		
		Wholesale power bill	17		10.00		
		Bank service charges	18		3.11		
		Directors fees	19		180.00		
		Petty cash replenished	20				
		Rent for Nov. & Dec.	21				
		Federal Documentary stamps	22				
		Consumer check returned	23				
		Payment of Income Tax withheld	24				
1946							
Jan.	1					8,529.06	





120.2 - CASH - REA CONSTRUCTION FUND - TRUSTEE

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		41,094.25			
	31	Reimbursement for Documentary Stamps	22A	10.00	44.80		
		Construction salaries	25		44.00		
		Income Tax on Construction salaries	27				
1946	1					41,015.45	
Jan.							





120.6 - CASH - TRANSFER OF CASH

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	31	Documentary stamps	22A	10.00	10.00		
		Construction salaries	25A	44.80	44.80		
		Taxes on construction salaries	26A	44.00			
		Documentary stamps	22				
		Construction salaries	25				
		Taxes on construction salaries	26				
1946	1						
Jan.							





122 - PETTY CASH

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		25.00			
1946							
Jan.	1					25.00	





125.1 - ACCOUNTS RECEIVABLE - ELECTRIC CONSUMERS

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec. 1946 Jan.	1	Forward					
	10	Penalties on November sales	1	5,855.00			
	31	Sales for December	2	15.10			
	1	Cash Collections	3	6,260.00	6,000.00		
						6,130.10	





125.3 - UNPAID CHECKS RETURNED

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	31	Consumer check returned	25	3.11			
1946							
Jan.	1					3.11	



125.4 - ACCOUNTS RECEIVABLE - SPECIAL CONSTRUCTION

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		54.00			
1946							
Jan.	1					54.00	





131.1 - MATERIALS AND SUPPLIES - ELECTRIC

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
Dec. 1945	1	Forward		8,622.04			
1946 Jan.	1					8,622.04	





## 131.2 -- MATERIALS AND SUPPLIES -- RESALE

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
Dec. 1946 Jan.	1  1	Forward		12.50		12.50	



132.1 PREPATIENTS - INSURANCE

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
1946	31	Monthly write-off	8	85.25	7.75		
Jan.	1					77.50	





132.2 - OTHER PREPAYMENTS

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	Monthly write-off of State					
		Organization Membership Fee	26	110.00	10.00		
1946							
Jan.	1					100.00	





135.1 - ALLOTMENT AVAILABLE FROM FEA - CONSTRUCTION

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		54,237.25			
1946							
Jan.	1					54,237.25	



142 - PRELIMINARY SURVEY & INVESTIGATION CHARGES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		115.20		115.20	
1946							
Jan.	1						





200 - MEMBERSHIPS ISSUED

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			6,075.00		
1946							
Jan.	1						6,075.00



204 - MEMBERSHIPS SUBSCRIBED BUT UNISSUED

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			50.00		
1946							
Jan.	1						50.00





213.1 - LONG TERM DEBT - REA CONSTRUCTION

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			450,000.00		
1946							
Jan.	1						450,000.00



222.1 - ACCOUNTS PAYABLE - GENERAL

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			25.00		
	31	November rent paid	21	25.00			
1946							
Jan.	1					- 0 -	





222.2 - ACCOUNTS PAYABLE - SPECIAL CONSTRUCTION

Text No. 17  
(Revised)

Date		Description	Ref.	Debits		Credits	Balance	
							Debit	Credit
1945								
Dec. 1946	1	Forward				32,200.00		
Jan.	1							36,200.00



228.1 - ACCRUED PROPERTY TAX

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			100.00		
	31	December accrual	7		100.00		
1946							
Jan.	1						200.00





228.2 - ACCRUED U. S. SOCIAL SECURITY TAX - UNEMPLOYMENT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			1.80		
1946	31	December accrual	6		1.80		
Jan.	1						3.60



228.3 - ACCRUED U. S. SOCIAL SECURITY TAX - OLD AGE BENEFIT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			21.00		
	31	From December salaries	4		6.00		
		Employer's portion for December	5		6.00		
1946							
Jan.	1						33.00





228.4 - ACCRUED STATE SOCIAL SECURITY TAX - UNEMPLOYMENT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			16.20		
	31	December accrual	6		16.20		
1946							
Jan.	1						32.40



229.4 - INTEREST ACCRUED - DEFERRED - REA CONSTRUCTION

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			1,506.44		
	31	Deferred interest for December	11		672.25		
1946							
Jan.	1						2,178.69





230.2 - ACCRUED EMPLOYEES' INCOME TAX WITHHELD

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			112.00		
	31	From December salaries	4		68.00		
		Payment to Internal Revenue	24	180.00			
1946							
Jan.	1					- 0 -	



230. - OTHER CURRENT AND ACCRUED LIABILITIES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward Accrued insurance liability for Dec.	8		1.00		
	31				6.00		
1946	1						7.00
Jan.							



250.3 - RESERVE FOR DEPRECIATION OF DISTRIBUTION PLANT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			1,096.21		
	31	December depreciation	9		1,096.21		
1946							
Jan.	1						2,192.42





250.4 - RESERVE FOR DEPRECIATION OF GENERAL PLANT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			105.72		
	31	December depreciation	10		35.44		
1946							
Jan.	1						141.16



271 - EARNED SURPLUS

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	31	1945 revenue	28		12,130.10		
		1945 expense	29	6,761.29			
1946							
Jan.	1						5,368.81





# 301 - ORGANIZATION

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		225.00			
1946							
Jan.	1					225.00	



# 350 - LAND AND LAND RIGHTS

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec. 1946	1	Forward		2,463.45		2,463.45	
Jan.	1						



# 358 - LINE TRANSFORMERS

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		2,718.00		2,718.00	
1946							
Jan.	1						





Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		7,531.78		7,531.78	
1946							
Jan.	1						



# 372 - OFFICE FURNITURE AND EQUIPMENT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		1,271.40			
1946							
Jan.	1					1,271.40	





# 373 - TRANSPORTATION EQUIPMENT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credit	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		1,050.00			
1946							
Jan.	1					1,050.00	



# 377 - TOOLS AND WORK EQUIPMENT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		242.00			
1946							
Jan.	1					242.00	



# 503.3 - DEPRECIATION OF DISTRIBUTION PLANT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December Depreciation	29	1,096.21	2,192.42	2,192.42	
		To surplus					
1946							
Jan.	1					- 0 -	





# 503.4 - DEPRECIATION OF GENERAL PLANT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December depreciation	10	6.35	12.70	12.70	
		To surplus	29				
1946							
Jan.	1					- 0 -	



507.1 - TAXES - PROPERTY

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December tax expense		100.00		200.00	
		To surplus	7	100.00	200.00		
			29				
1946							
Jan.	1					- 0 -	





507.2 - TAXES - U. S. SOCIAL SECURITY - UNEMPLOYMENT (Revised) Text No. 17

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1 31	Forward December tax expense To surplus	6 29	1.50 1.80	3.30	3.30	
1946						- 0 -	
Jan.							



Text No. 17  
507.3 - TAXES - U. S. SOCIAL SECURITY - OLD AGE BENEFITS (Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
Dec. 1945	1	Forward					
	31	December tax expense	5	4.99	10.99	10.99	
		To surplus	29	6.00			
1946 Jan.	1					- 0 -	



# 507.4 - TAXES - STATE SOCIAL SECURITY - UNEMPLOYMENT

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December tax expense	6	13.47	29.67	29.67	
		To surplus	29	16.20			
1946							
Jan.	1					- 0 -	





530.1 - INTEREST ON RLA CONSTRUCTION LOAN

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December interest	11	650.57	1,322.82	1,322.82	
		To surplus	29	672.25			
1946	1						
Jan.						- 0 -	



600 -- RESIDENTIAL SALES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
Dec. 1945	1 31	Forward December sales To surplus	2 28	445.00	310.00 235.00		445.00
1946 Jan.	1						- 0 -





601.1 - RURAL SALES - FARM

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward	2		3,385.00		6,960.00
	31	December sales	25	6,960.00	3,575.00		
		To surplus					
1946	1						
Jan.							



601.2 - RURAL SALES - NON-FARM

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December sales	2		570.00		
		To surplus	25	1,160.00	590.00		
1946							
Jan.	1						
							1,160.00
							- 0 -



602.2 - COMMERCIAL AND INDUSTRIAL SALES - LARGE

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward			390.00		
	31	December sales			420.00		
1946		To surplus	2	810.00			810.00
Jan.	1						
							- 0 -





Text No. 17  
(Revised)

101



612 - CONSUMERS' FORFEITED DISCOUNTS AND PENALTIES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	10	Penalties on Nov. sales To surplus	1 28	15.10	15.10		15.10
	31						
1946	1						- 0 -
Jan.							





738 - PURCHASED POWER

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December power bill	17	720.00		1,455.00	
		To surplus	29	735.00	1,455.00		
1946							
Jan.	1						
						- 0 -	



761 - OPERATION OF LINES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec. 1946 Jan.	1	Forward		111.02			
	31	December labor	4	65.75		219.77	
	31	From Acct. 903	15	43.00			
	1	To surplus	29		219.77		
						- 0 -	



763 - OPERATION OF STREET LIGHTING AND SIGNAL SYSTEMS

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		2.00			
	31	December labor & expense	4	12.00		14.00	
		To surplus	29		14.00		
1946							
Jan.	1					- 0 -	





768 - MAINTENANCE OF LINES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		140.58		250.83	
	31	December labor	4	77.25			
	31	From Acct. 903	15	35.00			
1946		To surplus	29		250.83		
Jan.						- 0 -	



775 - MAINTENANCE OF STREET LIGHTING AND SIGNAL SYSTEMS

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December labor & expense	4	7.50	20.50	20.50	
1946		To surplus		13.00			
Jan.	1					- 0 -	





780 - METER READING, ACCOUNTING & COLLECTING

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Debit
1945							
Dec.	1	Forward					
	31	December salaries	4	155.50		331.00	
		To surplus	29	175.50	331.00		
1946							
Jan.	1					- 0 -	



787 - UTILIZATION

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		27.25		50.75	
	31	December expense	4	23.50			
1946		To surplus	29		50.75		
Jan.	1					- 0 -	



791 - GENERAL OFFICE SALARIES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
Dec.	1	Forward		190.00		425.00	
	31	December salaries	4	235.00	425.00		
1946		To surplus	29				
Jan.	1					- 0 -	





793 - GENERAL OFFICE EXPENSES

LEAD NO. 41  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		31.49			
	31	Telephone & telegraph service	16	11.30			
		Bank service charge	18	1.75			
		Petty Cash replenished	20	11.00			
		To surplus	24		55.54		
1946							
Jan.	1						
						55.54	
						- 0 -	



798 - INSURANCE

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	Monthly charge	8	4.00	8.00	8.00	
		To surplus	29				
1946							
Jan.	1					- 0 -	



799 - INJURIES AND DAMAGES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	Monthly charge	8	6.00		12.00	
		To surplus	29		12.00		
1946							
Jan.	1					- 0 -	





801.1 DIRECTORS FEES AND MILEAGES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward		39.00		74.00	
	31	December fees	19	35.00			
1946		To surplus	29		74.00		
Jan.	1					- 0 -	



801.2 - DUES PAID ASSOCIATED ORGANIZATIONS

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	State Organization Membership	26	10.00		20.00	
		To Surplus	29	10.00	20.00		
1946							
Jan.	1					- 0 -	



801.4 - MISCELLANEOUS GENERAL EXPENSES

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward To surplus	29	3.00	3.00	3.00	
1946	31						
Jan.	1					- 0 -	





803 - RENTS

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	1	Forward					
	31	December rent	21	25.00		50.00	
		To surplus	29	25.00	50.00		
1946							
Jan.	1					- 0 -	



903 - TRANSPORTATION EXPENSES - CLEARING

Text No. 17  
(Revised)

Date		Description	Ref.	Debits	Credits	Balance	
						Debit	Credit
1945							
Dec.	31	Insurance	8	3.75			
		Depreciation on Transp. Equip-					
		ment	10	29.09			
		Gas and Oil	12	35.00			
		Truck repairs	13	8.91			
		Anti-freeze	14	1.25			
		Cleared	15		78.00		
1946							
Jan.	1						
						- 0 -	



OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

48 States Electric Cooperative

Pre-closing Trial Balance as of December 31, 1945

<u>Account No. and Title</u>	<u>Debits</u>	<u>Credits</u>
103.3 Construction Work in Progress - Force Account	\$ 306.49	
103.4 Unclassified Electric Plant in Service	367,752.75	
120.1 Cash - General	8,529.06	
120.2 Cash - REA Construction Fund - Trustee	41,015.45	
122 Petty Cash	25.00	
125.1 Accounts Receivable - Electric Consumers	6,130.10	
125.3 Unpaid Checks Returned	3.11	
125.4 Accounts Receivable - Special Construction	54.00	
131.1 Materials and Supplies - Electric	8,622.04	
131.2 Materials and Supplies - Resale	12.50	
132.1 Prepayments - Insurance	77.50	
132.2 Other Prepayments	100.00	
135.1 Allotment Available from REA - Construction	54,237.25	
142 Preliminary Survey and Investigation Charges	115.20	
200 Memberships Issued		\$ 6,075.00
204 Membership Subscribed but Unissued		50.00
213.1 Long-Term Debt - REA Construction		450,000.00
222.2 Accounts Payable - Special Construction		36,200.00
228.1 Accrued Property Tax		200.00
228.2 Accrued U.S. Social Security Tax - Unemployment		3.60
228.3 Accrued U.S. Social Security Tax - Old Age Benefit		33.00
228.4 Accrued State Social Security Tax - Unemployment		32.40
229.4 Interest Accrued - Deferred - REA Construction		2,178.69
230.5 Other Current and Accrued Liabilities		7.00
250.3 Reserve for Depreciation of Distribution Plant		2,192.42
250.4 Reserve for Depreciation of General Plant		141.16
301 Organization	225.00	
350 Land and Land Rights	2,463.45	
358 Line Transformers	2,718.00	
360 Meters	7,531.78	
372 Office Furniture and Equipment	1,271.40	
373 Transportation Equipment	1,050.00	
377 Tools and Work Equipment	242.00	
503.3 Depreciation of Distribution Plant	2,192.42	
503.4 Depreciation of General Plant	12.70	
507.1 Taxes - Property	200.00	
507.2 Taxes - U. S. Social Security - Unemployment	3.30	
507.3 Taxes - U.S. Social Security - Old Age Benefit	10.99	
507.4 Taxes - State Social Security - Unemployment	29.67	
530.1 Interest on REA Construction Loan	1,322.82	
600 Residential Sales		445.00







OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

48 States Electric Cooperative

Pre-closing Trial Balance as of December 31, 1945 (Cont.)

<u>Account No. and Title</u>	<u>Debits</u>	<u>Credits</u>
601.1 Rural Sales - Farm		6,960.00
601.2 Rural Sales - Non-Farm		1,160.00
602.1 Commercial and Industrial Sales - Small		2,400.00
602.2 Commercial and Industrial Sales - Large		810.00
603 Public Street and Highway Lighting		340.00
612 Consumers' Forfeited Discounts and Penalties		15.10
738 Purchased Power	1,455.00	
761 Operation of Lines	219.77	
763 Operation of Street Lighting and Signal Systems	14.00	
768 Maintenance of Lines	250.83	
775 Maintenance of Street Lighting and Signal Systems	20.50	
780 Meter Reading, Accounting and Collecting	331.00	
787 Utilization	50.75	
791 General Office Salaries	425.00	
793 General Office Expenses	55.54	
798 Insurance	8.00	
799 Injuries and Damages	12.00	
801.1 Directors Fees and Mileage	74.00	
801.2 Dues Paid Associated Organizations	20.00	
801.4 Miscellaneous General Expenses	3.00	
803 Rents	50.00	
	<u>\$509,243.37</u>	<u>\$509,243.37</u>



OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17

(Revised)

48 States Electric CooperativePost Closing Trial Balance as of December 31, 1945

<u>Account No. and Title</u>	<u>Debit</u>	<u>Credit</u>
103.3 Construction Work in Progress - Force Account	\$ 306.49	
103.4 Unclassified Electric Plant in Service	367,752.75	
120.1 Cash - General	8,529.06	
120.2 Cash - REA Construction Fund - Trustee	41,015.45	
122 Petty Cash	25.00	
125.1 Accounts Receivable - Electric Consumers	6,130.10	
125.3 Unpaid Checks Returned	3.11	
125.4 Accounts Receivable - Special Construction	54.00	
131.1 Materials and Supplies - Electric	8,622.04	
131.2 Materials and Supplies - Resale	12.50	
132.1 Prepayments - Insurance	77.50	
132.2 Other Prepayments	100.00	
135.1 Allotment Available from REA - Construction	54,237.25	
142 Preliminary Survey and Investigation Charges	115.20	
200 Memberships Issued		6,075.00
204 Memberships Subscribed but Unissued		50.00
213.1 Long-Term Debt - REA Construction		450,000.00
222.2 Accounts Payable - Special Construction		36,200.00
228.1 Accrued Property Tax		200.00
228.2 Accrued U.S. Social Security Tax - Unemployment		3.60
228.3 Accrued U.S. Social Security Tax - Old Age Benefit		33.00
228.4 Accrued State Social Security Tax - Unemployment		32.40
229.4 Interest Accrued - Deferred - REA Construction		2,178.69
230.5 Other Current and Accrued Liabilities		7.00
250.3 Reserve for Depreciation of Distribution Plant		2,192.42
250.4 Reserve for Depreciation of General Plant		141.16
271 Earned Surplus		5,368.81
301 Organization	225.00	
350 Land and Land Rights	2,463.45	
358 Line Transformers	2,718.00	
360 Meters	7,531.78	
372 Office Furniture and Equipment	1,271.40	
373 Transportation Equipment	1,050.00	
377 Tools and Work Equipment	242.00	
	<u>\$502,482.08</u>	<u>\$502,482.00</u>





FORTY-EIGHT STATES ELECTRIC COOPERATIVE  
 Comparative Trial Balance as of Dec. 31, 1945

(Revised)  
 Text No. 17 Sheet 1

Acct. No.	Name of Account	Trial Balance November 30, 1945		Changes during Month		Trial Balance December 31, 1945		Expense December 31, 1945	Income December 31, 1945	Assets December 31, 1945	Liabilities
103.3	Construction Work in Progress - Force Account	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.			306.49	
103.4	Unclassified Electric Plant in Service	367,752.75				367,752.75				367,752.75	
120.1	Cash - General	4,048.58		6,088.80	1,608.32	8,529.06				8,529.06	
120.2	Cash - REA Construction Fund - Trustee	41,094.25		10.00	88.80	41,015.45				41,015.45	
120.6	Transfer of Cash			98.80	98.80						
122	Petty Cash	25.00				25.00				25.00	
125.1	Accounts Receivable - Electric Consumers	5,855.00		6,275.10	6,000.00	6,130.10				6,130.10	
125.3	Unpaid Checks Returned					3.11				3.11	
125.4	Accounts Receivable - Special Construction	54.00				54.00				54.00	
131.1	Materials and Supplies - Electric	8,622.04				8,622.04				8,622.04	
131.2	Materials and Supplies - Resale	12.50				12.50				12.50	
132.1	Prepayments - Insurance	85.25			7.75	77.50				77.50	
132.2	Other Prepayments	110.00			10.00	100.00				100.00	
135.1	Allotment Available from REA - Construction	54,237.25				54,237.25				54,237.25	
142	Preliminary Survey and Investigation Charges	115.20				115.20				115.20	
200	Memberships Issued		6,075.00			6,075.00				6,075.00	
204	Memberships Subscribed but Unissued		50.00			50.00				50.00	
213.1	Long-Term Debt - REA Construction		450,000.00			450,000.00				450,000.00	
222.1	Accounts Payable - General		25.00	25.00							
222.2	Accounts Payable - Special Construction		36,200.00			36,200.00				36,200.00	
228.1	Accrued Property Tax		100.00		100.00	200.00				200.00	
228.2	Accrued U. S. Social Security Tax - Unemployment		1.80		1.80	3.60				3.60	
228.3	Accrued U.S. Social Security Tax - Old Age Benefit		21.00		12.00	33.00				33.00	
228.4	Accrued State Social Security Tax - Unemployment		16.20		16.20	32.40				32.40	
229.4	Interest Accrued - Deferred - REA Construction		1,506.44		672.25	2,178.69				2,178.69	
230.2	Accrued Employees' Income Tax Withheld		112.00	180.00	68.00						
230.5	Other Current and Accrued Liabilities		1.00		6.00	7.00				7.00	
250.3	Reserve for Depreciation of Distribution Plant		1,096.21		1,096.21	2,192.42				2,192.42	
250.4	Reserve for Depreciation of General Plant		105.72		35.44	141.16				141.16	
301	Organization	225.00				225.00				225.00	
350	Land and Land Rights	2,463.45				2,463.45				2,463.45	
358	Line Transformers	2,718.00				2,718.00				2,718.00	
360	Meters	7,531.78				7,531.78				7,531.78	
372	Office Furniture and Equipment	1,271.40				1,271.40				1,271.40	





FORTY-EIGHT STATES ELECTRIC COOPERATIVE  
Comparative Trial Balance as of Dec. 31, 1945

(Revised)  
Text No. 17      Sheet 2

Acct. No.	Name of Account	Trial Balance November 30, 1945		Changes during Month		Trial Balance December 31, 1945		Operating Expense December 31, 1945	Income Statement 1945	Balance Sheet December 31, 1945	Assets	Liabilities
373	Transportation Equipment	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.					
377	Tools and Work Equipment	1,050.00				1,050.00					1,050.00	
503.3	Depreciation of Distribution Plant	242.00				242.00					242.00	
503.4	Depreciation of General Plant	1,096.21		1,096.21		2,192.42		2,192.42				
507.1	Taxes - Property	6.35		6.35		12.70		12.70				
507.2	Taxes - U.S. Social Security - Unemployment	100.00		100.00		200.00		200.00				
507.3	Taxes - U.S. Social Security - Old Age Benefit	1.50		1.80		3.30		3.30				
507.4	Taxes - State Social Security - Unemployment	4.99		6.00		10.99		10.99				
530.1	Interest on REA Construction Loan	13.47		16.20		29.67		29.67				
600	Residential Sales	650.57		672.25		1,322.82		1,322.82				
601.1	Rural Sales - Farm		210.00		235.00		445.00		445.00			
601.2	Rural Sales - Non-Farm		3,385.00		3,575.00		6,960.00		6,960.00			
602.1	Commercial and Industrial Sales - Small		570.00		590.00		1,160.00		1,160.00			
602.2	Commercial and Industrial Sales - Large		1,140.00		1,260.00		2,400.00		2,400.00			
603	Public Street and Highway Lighting		390.00		420.00		810.00		810.00			
612	Consumers' Forfeited Discounts and Penalties		160.00		180.00		340.00		340.00			
738	Purchased Power				15.10		15.10		15.10			
761	Operation of Lines	720.00		735.00		1,455.00		1,455.00				
763	Operation of Street Lighting and Signal Systems	111.02		108.75		219.77		219.77				
768	Maintenance of Lines	2.00		12.00		14.00		14.00				
775	Maintenance of Street Lighting and Signal Systems	140.58		110.25		250.83		250.83				
780	Meter Reading, Accounting and Collecting	7.50		13.00		20.50		20.50				
787	Utilization	155.50		175.50		331.00		331.00				
791	General Office Salaries	27.25		23.50		50.75		50.75				
793	General Office Expenses	190.00		235.00		425.00		425.00				
798	Insurance	31.49		24.05		55.54		55.54				
799	Injuries and Damages	4.00		4.00		8.00		8.00				
801.1	Directors Fees and Mileage	6.00		6.00		12.00		12.00				
801.2	Dues Paid Associated Organizations	39.00		35.00		74.00		74.00				
801.4	Miscellaneous General Expenses	10.00		10.00		20.00		20.00				
803	Rents	3.00				3.00		3.00				
903	Transportation Expenses - Clearing	25.00		25.00		50.00		50.00				
		501,165.37	501,165.37	16,096.67	16,096.67	509,243.37	509,243.37	6,761.29	12,130.10	502,482.08	497,113.27	
								5,368.81			5,368.81	
								12,130.10	12,130.10	502,482.08	502,482.08	

Net Earnings to Dec. 31, 1945 (Balance in a/c 271)



SHEET No. 1

CASH - GENERAL - CASH RECEIVED

MONTH OF December, 1945

LINE	DAY	SOURCE OF RECEIPT	BANK (A)	DEBITS						BANK (F)	TOTAL AMOUNT	CREDITS		LINE
				BANK (B)	BANK (C)	BANK (D)	BANK (E)	DEPOSITS				NOTES RECEIVABLE UNPLEDGED	NOTES RECEIVABLE PLEDGED	
1		01									400 00			
4		23									350 00			
5		00									500 00			
6		00									600 00			
7		21									750 00			
8		23									825 00			
9		11									775 00			
10		00									925 00			
13		51									520 00			
14		01									188 00			
25		5									2000			
26		1									1500			
31		4									4480			
											4400			
											9000			
											4200			



DEBIT

OPERATION EXPENSES

LINE ACCOUNTS  
PAYABLE  
A/C 222.1

ACCRUED  
PAYROLL  
A/C 230.3

OPERATION  
OF  
STATIONS  
A/C 759

OPERATION  
OF  
LINES  
A/C 761

SERVICES  
CONSUMERS  
PREMISES  
A/C 762

OTHER OPERATION  
EXPENSES  
A/C NO. AMOUNT

1 5 00

763

200

5 0 75

763

1 000

738

7 3 500

2 5 00

2 5 00

6 5 75

Dr.

7 4 7 00



# DEBIT

MAINTENANCE		EXPENSE			LINE
STRUCTURES STATION EQUIPMENT A/C 765	MAINTENANCE OF LINES A/C 768	TRANSFORMERS AND DEVICES A/C 770	MAINTENANCE OF SERVICES A/C 771	MAINTENANCE OF METERS A/C 772	
	3 0 0 0			A/C NO. AMOUNT	
				775 3 0 0	
	4 5 2 5			775 1 0 0 0	

7 5 2 5

Dr.

1 3 0 0



SHEET NO. \_\_\_\_\_  
CASH - GENERAL - CHECK REGISTER

RECORD OF CHECKS DRAWN ON \_\_\_\_\_ BANK

FOR MONTH OF December, 1945

		C R E D I T		C R E D I T		D E B I T				
		C H E C K   D E D U C T I O N S		W O R K   I N   P R O G R E S S						
DAY	DRAWN TO THE ORDER OF	CHECK NO.	AMOUNT OF CHECK	S. S. TAX A/C 228.3	INCOME TAX A/C 230.2	OTHER DEDUCTIONS A/C NO.	AMOUNT	GENERAL 103.1	FORCE ACCOUNT 103.3	RETIREMENT 144
31	Manager	47	181 00	2 00	17 00					
	Bookkeeper	48	126 50	1 50	22 00					
	Stenographer	49	94 00	1 00	5 00					
	Linenman	50	124 50	1 50	24 00					
	Universal Oil Co.	51	35 00							
	Garage, Inc.	52	8 91							
	Auto Supply Co.	53	1 25							
	Tel. & Tel. Co.	54	11 30							
	Electric Pwr. Co.	55	735 00							
	First Nat'l. Bank	56	1 75							
	A. B. Jones	57	5 00							
	C. B. Richards	58	5 00							
	E. F. George	59	5 00							
	G. H. Colan	60	5 00							
	F. F. Pate	61	5 00							
	J. G. Pine	62	4 00							
	I. W. Allen	63	6 00							
	Petty Cash	64	11 00							
	H. L. Emerson	65	50 00							
	REA Const. Funds	66	10 00							
	Coll. Int. Rev.	67	180 00							

# DEBIT

## GENERAL OFFICE EXPENSE

LINE	CONSUMERS ACCOUNTING METER READING A/C 700	PROMOTIONAL UTILIZATION A/C 707	GENERAL OFFICE SAL. A/C 791	GENERAL OFC. & MISC. EXP. A/C 793	DIRECTOR'S FEES & MIL. A/C 801.1	MISC. GEN'L. EXPENSE A/C 801.4	RENTS A/C 803	STORES EXPENSE A/C 810	TRANSPORTATION EXPENSE A/C 903	MISCELLANEOUS EXPENSE	
										A/C NO.	AMOUNT
	1 500	15 00	120 00								
	70 50		79 50								
	56 00	8 50	35 50								
	3 400										
				11 30					35 00		
									8 91		
									1 25		
				1 75							
					5 00						
					5 00						
					5 00						
					5 00						
					5 00						
					4 00						
					6 00						
				11 00							
							25 00				
										120.6	1 000
										230.2	1 80 00

1 75 50	23 50	235 00	24 05	35 00	25 00	45 16	Dr.	190 00
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## REA CONSTRUCTION FUND - CASH RECEIVED AND BUDGET CONTROL

Record of Cash Received for the Month of December, 1944.

[illegible]











SHEET No. \_\_\_\_\_  
CASH - GENERAL - CHECK REGISTER

RECORD OF CHECKS DRAWN ON \_\_\_\_\_ BANK

FOR MONTH OF December, 1945

C R E D I T										C R E D I T										D E B I T									
C H E C K   D E D U C T I O N S										W O R K   I N   P R O G R E S S																			
DAY	DRAWN TO THE ORDER OF	CHECK NO.	AMOUNT OF CHECK	S. S. TAX A/C 228.3	INCOME TAX A/C 230.2	OTHER DEDUCTIONS		GENERAL 103.1	FORCE ACCOUNT 103.3	RETIREMENT 144	DAY	DRAWN TO THE ORDER OF	CHECK NO.	AMOUNT OF CHECK	S. S. TAX A/C 228.3	INCOME TAX A/C 230.2	OTHER DEDUCTIONS		GENERAL 103.1	FORCE ACCOUNT 103.3	RETIREMENT 144								
						A/C NO.	AMOUNT										A/C NO.	AMOUNT											
31	Manager	47	181 00		2 00	17 00																							
	Bookkeeper	48	126 50		1 50	22 00																							
	Stenographer	49	94 00		1 00	5 00																							
	Lineman	50	124 50		1 50	24 00																							
	Universal Oil Co.	51	35 00																										
	Garage, Inc.	52	8 91																										
	Auto Supply Co.	53	1 25																										
	Tel. & Tel. Co.	54	11 30																										
	Electric Pw. Co.	55	735 00																										
	First Nat'l. Bank	56	1 75																										
	A. B. Jones	57	5 00																										
	C. B. Richards	58	5 00																										
	E. F. George	59	5 00																										
	G. H. Colan	60	5 00																										
	F. F. Pate	61	5 00																										
	J. G. Pine	62	4 00																										
	I. W. Allen	63	6 00																										
	Petty Cash	64	11 00																										
	H. L. Emerson	65	50 00																										
	REA Const. Funds	66	10 00																										
	Coll. Int. Rev.	67	180 00																										

D E B I T

GENERAL OFFICE EXPENSE

LINE	CONSUMERS ACCOUNTING METER READING A/C 780	PROMOTIONAL UTILIZATION A/C 787	GENERAL OFFICE SAL. A/C 791	GENERAL OFFC. & MISC. EXP. A/C 793	DIRECTOR'S FEES & MIL. A/C 801.1	MISC. GEN'L. EXPENSE A/C 801.4	RENTS A/C 803	STORES EXPENSE A/C 810	TRANSPORTATION EXPENSE A/C 903	MISCELLANEOUS EXPENSE	
										A/C NO.	AMOUNT
	1 500	15 00	1 20 00								
	70 50		79 50								
	5 600	8 50	3 5 50								
	3 400								3 5 00		
				11 30					8 91		
				1 75					1 25		
					5 00						
					5 00						
					5 00						
					5 00						
					5 00						
					4 00						
					6 00						
				11 00							
							2 5 00				
										120.6	1 0 00
										230.2	1 80 00

1 7 5 5 0	2 3 5 0	2 3 5 0 0	2 4 0 5	3 5 0 0	2 5 0 0	4 5 1 6	Dr.	1 9 0 0 0
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## REA CONSTRUCTION FUND - CASH RECEIVED AND BUDGET CONTROL

Record of Cash Received for the Month of December, 1944.

[illegible]



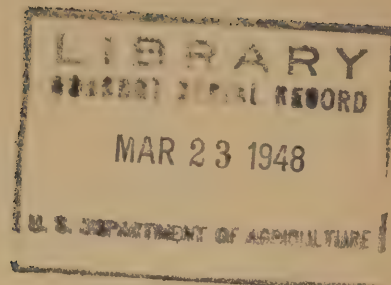


Bank for Month of December, 1944.

[illegible]







REA BOOKKEEPING COURSE

Text No. 17  
(Revised 12-47)

Operations Accounting - End of Year.



UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration  
Finance Division  
Washington 25, D. C.

OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised 12/47)

1. INTRODUCTION

In Text No. 16 the discussion concerned the operating transactions which occurred during the month of November, 1947, for the 48 States Electric Cooperative. At the end of that text, all transactions were posted to appropriate accounts and a trial balance was taken.

In this text we shall continue our discussion of the operations of the 48 States Electric Cooperative for the month of December, 1947. We shall not attempt to furnish a detailed explanation for each event and entry, since it would be a repetition of what was given in the previous text. All of the normal operating income and expense transactions will be given and postings made to the general ledger accounts. At the close of the text, a trial balance will be taken and the books closed for the year.

2. DECEMBER TRANSACTIONS

<u>EVENTS</u>		<u>ENTRIES</u>		
(1)	:	(1)	Debit	Credit
On December 10 penalties	:	125.1 Accounts Receivable -		
were assessed against	:	Electric Consumers	\$ 15.10	
unpaid November bills.	:	612 Consumers' Forfeited		15.10
	:	Discounts and Penalties		
	:			
	:	To record consumer penalties assessed in December.		
	:			
	:			

After the meters had been read, bills prepared, and postings made to the consumers' ledger, a tape was taken of consumer bills as a basis for the following journal entry:

(2)	:	(2)		
Sales for the month of	:	125.1 Accounts Receivable -		
December 1947.	:	Electric Consumers	\$6,260.00	
	:	600 Residential Electric Service		\$ 235.00
	:	601.1 Rural Electric Service - Farm		3,575.00
	:	601.2 Rural Electric Service - Non-Farm		590.00
	:	602.1 Commercial and Industrial		
	:	Electric Service - Small		1,260.00
	:	602.2 Commercial and Industrial		
	:	Electric Service - Large		420.00
	:	603 Public Street and Highway		
	:	Lighting		180.00
	:			
	:	To record sales for the month of December, 1947.		

# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

## EVENTS

## ENTRIES

(3)	(3)	Debit	Credit
Cash collections for the month were made and entered in the cash received book.	120.1 Cash - General 125.1 Accounts Receivable - Electric Consumers Collections for the month of December.	\$6,000.00    	   \$6,000.00  

From the daily record of work performed, a summary was made of employees' time and earnings for the month of December with the following distribution:

## PAYROLL DISTRIBUTION FOR DECEMBER, 1947

Account	Manager	Bookkeeper	Stenographer	Lineman	Total
	\$200.00	\$150.00	\$100.00	\$150.00	
761	15.00			50.75	65.75
763	2.00			10.00	12.00
768	30.00			45.25	75.25
775	3.00			10.00	13.00
780	15.00	70.50	56.00	34.00	175.00
787	15.00		8.50		23.50
791	120.00	79.50	35.50		235.00
Total	200.00	150.00	100.00	150.00	600.00
Less:					
Soc. Sec.					
O.A.B. Tax (2.00)	(1.50)	(1.00)	(1.50)		(6.00)
Income Tax					
Withheld (17.00)	(22.00)	(5.00)	(24.00)		(68.00)
	\$181.00	126.50	94.00	124.50	526.00

(4)	(4)
General Funds checks Nos. 47, 48, 49, and 50 were issued for the net amount due each employee. The postings were made from the cash disbursement sheet.	761 Operation of Lines \$65.75 763 Operation of Street Lighting and Signal Systems 12.00 768 Maintenance of Lines 75.25 775 Maintenance of Street Lighting and Signal Systems 13.00



OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(4) (Cont.)	:	(4) (Cont.)		
:	:	780 Meter Reading, Accounting		
:	:	and Collecting	\$175.50	
:	:	787 Demonstration and Other	23.50	
:	:	791 General Office Salaries	235.00	
:	:	228.3 Accrued U.S. Social Security Tax -		
:	:	Old Age Benefit		\$ 6.00
:	:	230.2 Accrued Employees Income Tax		
:	:	Withheld		68.00
:	:	120.1 Cash - General		526.00
:	:			
:	:	Issued General Funds Checks Nos. 47		
:	:	through 50 in payment of salaries for		
:	:	December.		
(5)	:	(5)		
:	:			
Recorded employer's	:	507.3 Taxes - U.S. Social Security -		
portion of U.S. Social	:	O.A.B.	\$ 6.00	
Security Tax, O.A.B.,	:	228.3 Accrued U.S. Social Security		
for the month of	:	Tax - O.A.B.		\$ 6.00
December, 1947, on the	:			
following salaries:	:	To record employer's portion of U.S.		
Manager \$200.00	:	Social Security, O.A.B., Tax for the		
Bookkeeper 150.00	:	month of December, 1947.		
Stenographer 100.00	:			
Lineman 150.00	:			
(6)	:	(6)		
:	:			
Recorded State and	:	507.2 Taxes - U.S. Social Security -		
U.S. Social Security	:	Unemployment	\$ 1.80	
Tax, Unemployment,	:	507.4 Taxes - State Social Security -		
for the month of	:	Unemployment	16.20	
December, 1947.	:	228.2 Accrued U.S. Social Security		
	:	Tax - Unemployment		\$ 1.80
	:	228.4 Accrued State Social Security Tax -		
	:	Unemployment		16.20
	:			
	:	To record unemployment tax liability to State		
	:	and Federal Governments for the month of		
	:	December, 1947.		

OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(7)	:	(7)		
Accrued Property Taxes	:	507.1 Taxes - Property	\$100.00	
for December, 1947.	:	228.1 Accrued Property Taxes		\$100.00
	:			
	:	To record accrual of Property Taxes		
	:	for month of December.		
	:			

From the insurance register and the payroll records the necessary information was obtained to make the journal entry recording insurance expense for the month of December:

(8)	:	(8)		
	:			
Recorded insurance	:	798 Insurance	4.00	
expense for the month	:	799 Injuries and Damages	6.00	
of December, 1947.	:	903 Transportation Expenses - Clearing	3.75	
	:	132.1 Prepayments - Insurance		7.75
	:	230.4 Accrued Insurance		6.00
	:			
	:	To record insurance expense for the		
	:	month of December.		
	:			

For the purpose of illustration, we shall assume that the balances in the electric plant accounts remain the same for December as were shown for the month of November. Thus, the depreciation charges were identical for the two months.

(9)	:	(9)		
	:			
Set up depreciation	:	503.5 Depreciation of Distribution		
for December, 1947,	:	Plant	1,099.07	
on distribution plant.	:	250.5 Reserve for Depreciation of		
	:	Distribution Plant		1,099.07
	:			
	:	To record depreciation on distribution		
	:	system for the month of December, 1947.		

OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(10)	:	(10)		
Recorded depreciation on general plant for the month of December, 1947.	:	903 Transportation Expenses - Clearing	\$ 28.67	
	:	503.6 Depreciation of General Plant	6.35	
	:	250.6 Reserve for Depreciation of General Plant		\$ 35.02
	:	To record general plant depreciation for December.		
(11)	:	(11)		
A statement was received showing the accrued -deferred interest on the funds borrowed from REA.	:	530.1 Interest on REA Construction Loan	\$672.25	
	:	213.3 Interest Accrued - Deferred - REA Construction		\$672.25
	:	To record accumulated interest for December on obligation to REA.		
(12)	:	(12)		
Paid for gas and oil used in truck during the month of December, 1947. Issued General Funds Check No. 51 in the amount of \$35.00.	:	903 Transportation Expenses - Clearing	\$ 35.00	
	:	120.1 Cash - General		\$ 35.00
	:	Gas and oil for December.		
(13)	:	(13)		
Paid for repair to truck. Issued General Funds Check No. 52 in the amount of \$8.91.	:	903 Transportation Expenses - Clearing	\$ 8.91	
	:	120.1 Cash - General		\$ 8.91
	:	Truck repairs paid.		
(14)	:	(14)		
Purchased anti-freeze for truck. Issued General Funds Check No. 53 in the amount of \$1.25.	:	903 Transportation Expenses - Clearing	\$ 1.25	
	:	120.1 Cash - General		\$ 1.25
	:	Anti-freeze purchased.		

# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17

(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(15)	:	(15)		
Cleared Account 903 -	: 761	Operation of Lines	\$ 42.58	
Transportation Expenses -	: 768	Maintenance of Lines	35.00	
Clearing.	: 903	Transportation Expenses -		
	:	Clearing		\$ 77.58
	:			
	:	To clear transportation expenses to		
	:	appropriate accounts.		
	:			
(16)	:	(16)		
Paid for telephone and	: 793	General Office Expenses	\$ 11.30	
telegraph service for	: 120.1	Cash - General		\$ 11.30
the month of December,	:			
1947, by General Funds	: Paid for telephone and telegraph			
Check No. 54 in the	: service.			
amount of \$11.30.	:			
	:			
(17)	:	(17)		
Paid wholesale power	: 738	Purchased Power	\$735.00	
bill for the month of	: 120.1	Cash - General		\$735.00
December, 1947. Issued	:			
General Funds Check	: Paid wholesale power bill			
No. 55 in the amount of	: for December.			
\$735.00.	:			
	:			
(18)	:	(18)		
Paid bank service	: 793	General Office Expenses	\$ 1.75	
charges. Issued General	: 120.1	Cash - General		\$ 1.75
Funds Check No. 56 for	:			
\$1.75.	: Paid bank service charges.			
	:			
(19)	:	(19)		
Paid directors' fees for	: 801.1	Directors' Fees and Mileage	\$ 35.00	
the month of December,	: 120.1	Cash - General		\$ 35.00
1947. Issued General	:			
Funds Checks Nos. 57, 58,	: Paid directors' fees for December.			
59, 60, 61, 62, and 63.	:			
	:			
	:			
	:			
	:			
	:			



# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(20)	:	(20)		
Drew Check No. 64 on	:	793 General Office Expenses	\$ 11.00	
General Funds to	:	120.1 Cash - General		\$ 11.00
reimburse Petty Cash	:			
Funds for \$11.00:	:	Replenished Petty Cash:		
	:	Accounting Forms \$2.00		
Accounting Forms \$2.00	:	Stationery 3.00		
Stationery 3.00	:	Janitor Supplies 4.00		
Janitor Supplies 4.00	:	Janitor Service 2.00		
Janitor Service 2.00	:	\$11.00		
(21)	:	(21)		
Issued General Funds	:	222.1 Accounts Payable - General	\$ 25.00	
Check No. 65 for \$50.00	:	803 Rents	25.00	
for rent for the months	:	120.1 Cash - General		\$ 50.00
of November and December,	:			
1947.	:	Paid rent for November and		
	:	December.		
(22)	:	(22)		
Issued General Funds	:	120.6 Transfer of Cash	\$ 10.00	
Check No. 66 to reim-	:	120.1 Cash - General		\$ 10.00
burse REA Construction	:			
Funds for payment of	:	Reimbursed REA Construction		
Federal Documentary Tax	:	Funds for Federal Documentary		
by REA Construction Funds	:	Stamps.		
Check No. 67 in the	:			
amount of \$10.00, since	:			
this type of disbursement	:			
is not allowable from	:			
loan funds.	:			
(22A)	:	(22A)		
Deposited General Funds	:	120.2 Cash - REA Construction		
Check No. 66 in REA	:	Fund - Trustee	\$ 10.00	
Construction Funds.	:	120.6 Transfer of Cash		\$ 10.00
	:			
	:	Received refund from General Funds for		
	:	purchase of Federal Documentary Tax		
	:	Stamps.		



OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(23)	:	(23)		
A consumer's check marked	:	125.1 Accounts Receivable -		
N.S.F. was returned by	:	Electric Consumers	\$ 3.11	
the bank.	:	120.1 Cash - General		\$ 3.11
	:	Consumer's check returned.		
(24)	:	(24)		
Issued General Funds	:	230.2 Accrued Employees'		
check No. 67 to Collector	:	Income Tax Withheld	\$180.00	
of Internal Revenue in	:	120.1 Cash - General		\$180.00
payment of Income Tax	:			
withheld from employees'	:	Paid employees' withheld		
	:	Income Tax to Collector of		
	:	Internal Revenue.		
(25)	:	(25)		
Reimbursed General Funds	:	120.6 Transfer of Cash	\$ 44.80	
for salaries paid on G.F.	:	120.2 Cash - REA Construction		
Checks Nos. 28 to 31 paid	:	Fund - Trustee		\$ 44.80
to manager and lineman	:			
for work order construc-	:	Reimbursed General Funds for		
tion; issued REA	:	payment of construction		
Construction Check No. 68	:	salaries.		
in the amount of \$44.80.	:			
(25A)	:	(25A)		
Deposited REA Construc-	:	120.1 Cash - General	\$ 44.80	
tion Check No. 68 in	:	120.6 Transfer of Cash		\$ 44.80
General Funds.	:			
	:	Received refund from REA		
	:	Construction Funds for payment		
	:	of construction salaries on		
	:	General Funds Checks Nos. 28		
	:	and 31.		

OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

The method of reimbursing General Funds for payment of taxes properly allowable from REA Construction Funds is illustrated in Event No. 27. (Payment of all taxes by General Funds and reimbursement of the construction portion is the procedure recommended in the present "Bookkeepers' Handbook.")

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(26)	:	(26)		
1/12 of membership fee	:	801.2 Dues Paid Associated		
in State Electrical	:	Organizations	\$ 10.00	
Organization applicable	:	132.2 Other Prepayments		\$ 10.00
to operation expense for	:			
the month of December,	:	To charge monthly portion of		
1947, was so charged .	:	State Electrical Organization		
	:	membership fee to expense.		
	:			
(27)	:	(27)		
Issued REA Construction	:	120.6 Transfer of Cash	\$ 44.00	
Check No. 69 to reimburse	:	120.2 Cash - REA Construction		
General Funds for pay-	:	Fund		\$ 44.00
ment of Income Tax	:			
withheld applicable to	:	To reimburse General Funds for		
salaries paid from REA	:	construction portion of withheld		
Construction Funds on	:	Income Tax paid to the Collector		
Checks Nos. 38, 39, and 40:	:	of Internal Revenue.		
	:			
(27A)	:	(27A)		
Deposited REA Construc-	:	120.1 Cash - General	\$ 44.00	
tion Check No. 69 in	:	120.6 Transfer of Cash		\$ 44.00
General Funds.	:			
	:	To record receipt of		
	:	reimbursement from REA		
	:	Construction Funds for payment		
	:	of taxes allowable from those		
	:	funds.		

3. RESERVE FOR UNCOLLECTIBLE CONSUMERS' ACCOUNTS

In order to prevent fluctuations in the expense accounts because of bad-debt losses, REA has prescribed for the use of the cooperatives a method of establishing and maintaining a reserve for uncollectible consumers' accounts. The method is fully explained in Finance Bulletin No. 20, dated January 15, 1943, and the student is referred to that bulletin for further study.



If collections are made on accounts previously written off, such collections should be debited to Account 120.1 - Cash General and credited to Account 254.2 - Reserve for Uncollectible Accounts - Electric Consumers.

The procedures described above have not been illustrated in the examples and problems of this course because the fictitious organizations, the transactions of which have been outlined herein, have not been carried through operating periods of sufficient length to make practicable the establishment of reserves for uncollectible consumers' accounts.

#### 4. GENERAL

Upon referring to the trial balance at the end of this text, and to Account 222.2 - Accounts Payable - REA Construction, it will be noted that the balance represents the 10% withheld from the contractor and the engineer in accordance with the terms of their respective contracts.

It was necessary to record these unpaid balances in order to reflect the total cost of construction as well as unpaid obligation. It was also necessary to withhold payment of 10% pending the execution of the necessary documents in connection with the contracts.

#### 5. CLOSING THE BOOKS

##### a. Comparative Trial Balance:

As will be noted from reading the texts relative to REA bookkeeping procedures, the ledger accounts are not closed each month. As of December 31, after all entries have been posted, the accounts are ruled. The balances of those not closed out are brought forward to the new year.

After all entries for the year have been posted to the various accounts, the balances are determined and inserted in pencil in the appropriate balance column. A comparative trial balance is prepared as illustrated by the attached specimen.

After balances of all accounts have been listed on the trial balance, the debit and credit columns are totaled. If total debits equal the total credits, the general ledger is in balance.

The account balances as of November 30, 1947, are inserted under the heading "Trial Balance, November 30, 1947." The debit and credit columns should be totaled to prove the accuracy of the work.

The caption headed "Changes During the Month" represents the debit and credit postings made for the month of December as indicated by the general ledger accounts. For each account, the balance listed as of November 30, 1947, plus any debit and minus any credit shown equals the balance for December 31, 1947. The balance thus obtained and shown under the heading



"Trial Balance, December 31, 1947," must agree with the actual balance at that date as it appears in the account in the general ledger.

In the section headed "Operating Statement, December 31, 1947," there should be entered the expense and income account balances shown by the column for the December 31 trial balance. Asset and liability account balances should be entered in the section headed "Balance Sheet, December 31, 1947."

The debit and credit columns under the "Operating Statement" caption should be totaled, as shown on the attached specimen. It will be noted that the total of the income column is in excess of the expense column, indicating that the cooperative has earnings. The amount of these earnings is determined by subtracting the total debits from the total credits. The result in figures is shown in the debit column in order that the totals of the debits and credits under the "Operating Statement" caption will balance. Likewise, the amount of net earnings is shown as a credit in the "Balance Sheet" columns, as the amount will be reflected in the balance of Account 274 - Operations Clearing, which is to be transferred to Account 201.2 - Patronage Capital Assignable. The Balance Sheet columns should now be totaled and it will be noted that the assets are in excess of the liabilities. The net earnings, when included in the liability column as shown, bring the totals of the Balance Sheet columns in agreement.

It is highly important when preparing the trial balance to see that the various debit and credit columns are in agreement, step by step, so that the accuracy of the work may be proved.

b. Closing Journal Entries:

In the texts relative to general accounting principles, expense and income account balances at the end of the accounting period were closed to a "Profit and Loss" account. The resultant Profit and Loss account balance was then closed to the "Surplus" account.

In general, the REA accounting system follows the Uniform System of Accounts prescribed by the Federal Power Commission for the use of public and private power distributors. However, it is modified in some respects so as to meet the needs of REA-financed cooperatives more specifically. One change is necessitated by the non-profit nature of the cooperative form of enterprise. The method of closing out the operating revenue and expenses in an REA cooperative is illustrated in events Nos. 28 and 29. Non-operating incomes and expenses would be closed directly into Account 273.2 - Non-Operating Margins. Only the operating revenue and expense accounts, however, are illustrated in this text.

The account balances for the closing entries for the year may now be obtained from the Operating Statement columns of the comparative trial balance.



# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>		<u>ENTRIES</u>		
(28)		(28)	Debit	Credit
Transferred operating	:	600	Residential Electric Service	
revenue account balances	:			445.00
to Account 501 - Operating	:	601.1	Rural Electric Service--	
Revenues and Patrons'	:		Farm	6,960.00
Capital.	:	601.2	Rural Electric Service--	
	:		Non-Farm	1,160.00
	:	602.1	Commercial and Industrial	
	:		Electric Service--Small	2,400.00
	:	602.2	Commercial and Industrial	
	:		Electric Service--Large	810.00
	:	603	Public Street and Highway	
	:		Lighting	340.00
	:	612	Consumers' Forfeited Dis-	
	:		counts and Penalties	15.10
	:	501	Operating Revenues and	
	:		Patrons' Capital	12,130.10
	:			
	:		To transfer operating revenue account balances	
	:		as of December 31, 1947, to Operating Revenues	
	:		and Patrons' Capital.	
	:			
	:			
(29)	:	(29)		
Transferred operating	:	502	Operating Expenses	2,988.55
expense account balances	:	738	Purchased Power	1,455.00
to Account 502, Operating	:	761	Operation of Lines	219.35
Expenses.	:	763	Operation of Street Light-	
	:		ing and Signal Systems	14.00
	:	768	Maintenance of Lines	250.41
	:	775	Maintenance of Street Light-	
	:		ing and Signal Systems	20.50
	:	780	Meter Reading, Accounting	
	:		and Collecting	331.00
	:	787	Demonstration and Other	50.75
	:	791	General Office Salaries	425.00
	:	793	General Office Expenses	55.54
	:	798	Insurance	8.00
	:	799	Injuries and Damages	12.00
	:	801.1	Directors' Fees and Mileage	74.00
	:	801.2	Dues Paid Associated	
	:		Organizations	20.00
	:	801.4	Miscellaneous General Expenses	3.00
	:	803	Rents	50.00
	:			
	:		To transfer operating expense account balances	
	:		as of December 31, 1947, to Operating Expenses.	

# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENT</u>		<u>ENTRIES</u>		
(30)		(30)	Debit	Credit
Transferred operating	: 501	Operating Revenues and		
revenues account to	: :	Patrons' Capital	12,130.10	
Account 274,	: 274	Operations Clearing		12,130.10
Operations Clearing.	:			
	:	To transfer Operating Revenues and Patrons' Capital		
	:	account to Operations Clearing at end of year 1947.		
	:			
(31)	:	(31)		
Closed operating	: 274	Operations Clearing	6,766.17	
expense account	: 502	Operating Expenses		2,988.55
balances into	: 503.5	Depreciation of Distribu-		
Operations Clearing.	:	tion Plant		2,198.14
	: 503.6	Depreciation of General		
	:	Plant		12.70
	: 507.1	Taxes--Property		200.00
	: 507.2	Taxes--U.S. Social Security		
	:	Unemployment		3.30
	: 507.3	U.S. Social Security Tax--		
	:	Old Age Benefit		10.99
	: 507.4	Taxes--State Social Security		
	:	Unemployment		29.67
	: 530.1	Interest on REA Construction		
	:	Loan		1,322.82
	:			
	:	To close operating expense accounts for the year 1947		
	:	to Operations Clearing.		
	:			
(32)	:	(32)		
Closed Operations	: 274	Operations Clearing	5,363.93	
Clearing account to	: 201.2	Patronage Capital		
Patronage Capital	:	Assignable		5,363.93
Assignable.	:			
	:	To close Operations Clearing account to Patronage		
	:	Capital Assignable.		

OPERATIONS ACCOUNTING -- END OF YEAR

Text No. 17  
(Revised)

As indicated on the post-closing trial balance attached, the net earnings for the year, after the closing journal entries have been posted to the general ledger, will be reflected as a credit balance in Account 201.2 - Patronage Capital Assignable, until an audit is made, when the balance will be transferred to Account 201.1 - Patronage Capital Credits.

Throughout Texts Nos. 15, 16, and 17 which relate to bookkeeping transactions as outlined for the 48 States Electric Cooperative, each such transaction was presented by first giving a brief description and then showing the type of entry which would be necessary properly to record it. The entries were shown in journal form purposely in order that the student would obtain a clearer understanding as to the purpose and intent of the entry by reference to the brief explanation shown opposite.

In actual bookkeeping practice, the various entries which have been included in Texts Nos. 15, 16, and 17 would be entered in chronological order in the various books of original entry described in Text No. 13.

In order that the student may become more familiar with the various bookkeeping transactions of the cooperative and the books of account prescribed by REA, all of the transactions in solutions for Texts 15 and 16 should be reviewed.

Attention is called to the summary of the miscellaneous column illustrated on the Cash General Check Register. The purpose of summaries such as this is to facilitate posting to the General Ledger the total of the amounts applicable to each account appearing in the miscellaneous column.





FORTY-EIGHT STATES ELECTRIC COOPERATIVE  
 Comparative Trial Balance as of Dec. 31, 1947

(Revised)  
 Text No. 17 Sheet 1

Acct. No.	Name of Account	Trial Balance		Changes during Month		Trial Balance		Operating Statement Expense	Income	Balance Sheet December 31, 1947	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.			Assets	Liabilities
100.32	Construction Work in Progress - Force Account	341.24				341.24				341.24	
100.6	Unclassified Electric Plant in Service	369,016.45				369,016.45				369,016.45	
120.1	Cash - General	4,048.58		4,480.48		8,529.06				8,529.06	
120.2	Cash - REA Construction Fund - Trustee	41,094.25				41,015.45				41,015.45	
122	Petty Cash	25.00				25.00				25.00	
125.1	Accounts Receivable - Electric Consumers	5,855.00		278.21		6,133.21				6,133.21	
125.3	Accounts Receivable - REA Construction Fund	54.00				54.00				54.00	
131.1	Materials and Supplies - Electric	8,622.04				8,622.04				8,622.04	
131.2	Materials and Supplies - Resale	12.50				12.50				12.50	
132.1	Prepayments - Insurance	85.25			7.75	77.50				77.50	
132.2	Other Prepayments	110.00			10.00	100.00				100.00	
135.12	Allocation Construction - Notes Executed	54,237.25				54,237.25				54,237.25	
140	Unamortized Loan Expense	292.50				292.50				292.50	
142	Preliminary Survey and Investigation Charges	115.20				115.20				115.20	
200.1	Memberships Issued		6,075.00				6,075.00				6,075.00
200.2	Memberships Subscribed but Unissued		50.00				50.00				50.00
213.12	Long-Term Debt - Construction Executed Notes		450,000.00				450,000.00				450,000.00
213.3	Interest-Accrued - Deferred - REA Construction		1,506.44				2,178.69				2,178.69
222.1	Accounts Payable - General		25.00	25.00	672.25						
222.2	Accounts Payable - REA Construction		36,200.00				36,200.00				36,200.00
228.1	Accrued Property Tax		100.00		100.00		200.00				200.00
228.2	Accrued U.S. Social Security Tax - Unemployment		1.80		1.80		3.60				3.60
228.3	Accrued U.S. Social Security Tax - Old Age Benefit		21.00		12.00		33.00				33.00
228.4	Accrued State Social Security Tax - Unemployment		16.20		16.20		32.40				32.40
230.2	Accrued Employees' Income Tax Withheld		112.00	112.00							
230.4	Accrued Insurance		1.00		6.00		7.00				7.00
250.5	Reserve for Depreciation of Distribution Plant		1,099.07	1,099.07			2,198.14				2,198.14
250.6	Reserve for Depreciation of General Plant		105.30		35.02		140.32				140.32
301	Organization	500.00				500.00				500.00	
350	Land and Land Rights	887.50				887.50				887.50	
358	Line Transformers	2,718.00				2,718.00				2,718.00	
360	Meters	7,256.78				7,256.78				7,256.78	
371	Office Furniture and Equipment	1,271.40				1,271.40				1,271.40	



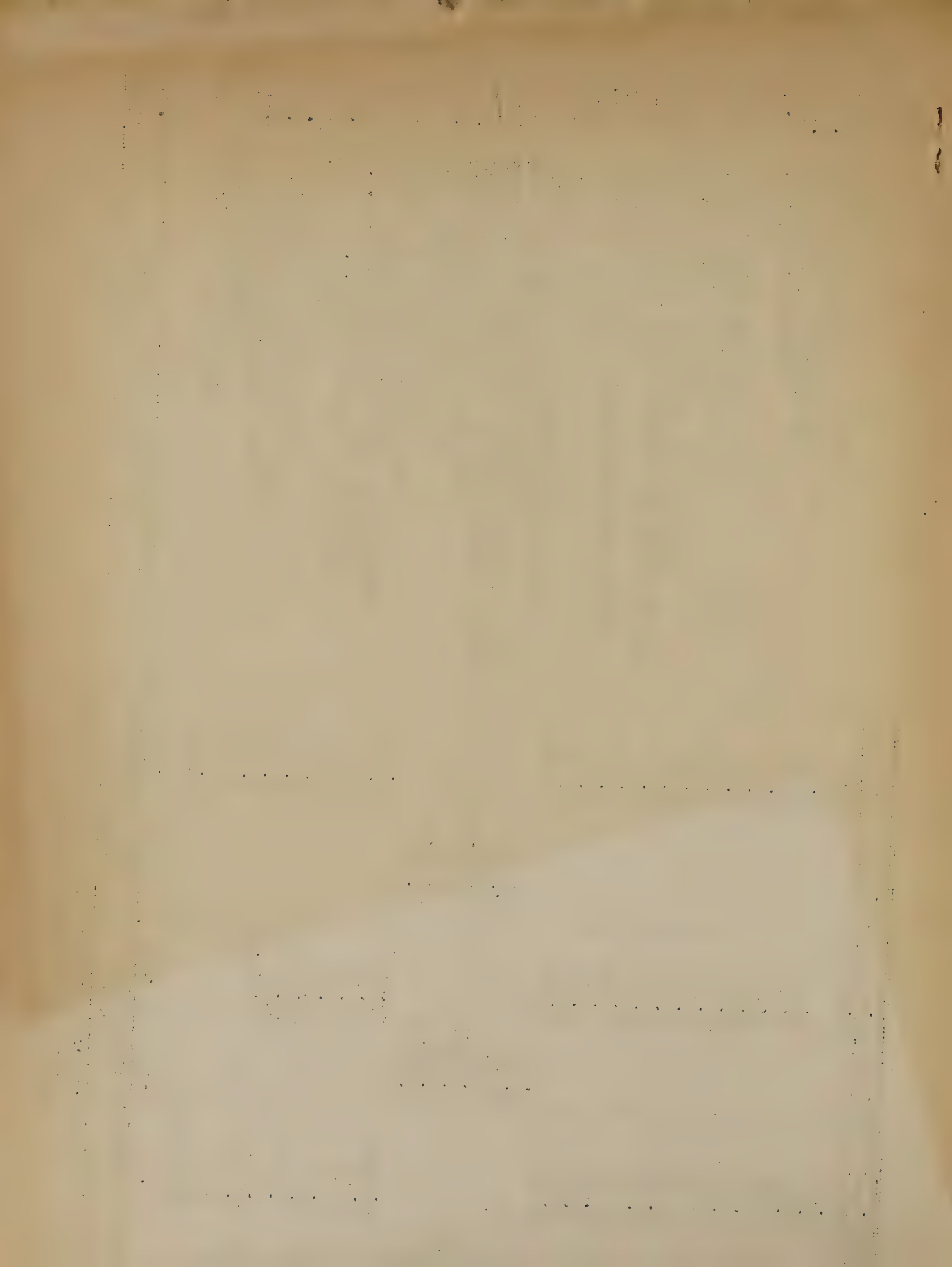


FORTY-EIGHT STATES ELECTRIC COOPERATIVE  
 Comparative Trial Balance as of Dec. 31, 1947

(Revised)  
 Text No. 17 Sheet 2

Acct. No.	Name of Account	Trial Balance November 30, 1947		Changes during Month		Trial Balance December 31, 1947		Operating Statement December 31, 1947		Balance Sheet December 31, 1947	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Expense	Income	Assets	Liabilities
373	Transportation Equipment	1,035.00				1,035.00				1,035.00	
376	Laboratory Equipment	100.00				100.00				100.00	
377.1	Tools and Work Equipment - Small	142.00				142.00				142.00	
503.5	Depreciation of Distribution Plant	1,099.07		1,099.07		2,198.14		2,198.14			
503.6	Depreciation of General Plant	6.35		6.35		12.70		12.70			
507.1	Taxes - Property	100.00		100.00		200.00		200.00			
507.2	Taxes - U.S. Social Security - Unemployment	1.50		1.80		3.30		3.30			
507.3	U.S. Social Security Tax - Old Age Benefit	4.99		6.00		10.99		10.99			
507.4	Taxes - State Social Security - Unemployment	13.47		16.20		29.67		29.67			
530.1	Interest on REA Construction Loan	650.57		672.25		1,322.82		1,322.82			
600	Residential Electric Service		210.00		235.00		445.00		445.00		
601.1	Rural Electric Service - Farm		3,385.00		3,575.00		6,960.00		6,960.00		
601.2	Rural Electric Service - Non-Farm		570.00		590.00		1,160.00		1,160.00		
602.1	Commercial and Industrial Electric Service - Small		1,140.00		1,260.00		2,400.00		2,400.00		
602.2	Commercial and Industrial Electric Service - Large		390.00		420.00		810.00		810.00		
603	Public Street and Highway Lighting		160.00		180.00		340.00		340.00		
612	Consumers' Forfeited Discounts and Penalties				15.10		15.10		15.10		
738	Purchased Power	720.00		735.00		1,455.00		1,455.00			
761	Operation of Lines	111.02		108.33		219.35		219.35			
763	Operation of Street Lighting and Signal Systems	2.00		12.00		14.00		14.00			
768	Maintenance of Lines	140.16		110.25		250.41		250.41			
775	Maintenance of Street Lighting and Signal Systems	7.50		13.00		20.50		20.50			
780	Meter Reading, Accounting and Collecting	155.50		175.50		331.00		331.00			
787	Demonstration and Other	27.25		23.50		50.75		50.75			
791	General Office Salaries	190.00		235.00		425.00		425.00			
793	General Office Expenses	31.49		24.05		55.54		55.54			
798	Insurance	4.00		4.00		8.00		8.00			
799	Injuries and Damages	6.00		6.00		12.00		12.00			
801.1	Directors' Fees and Mileage	39.00		35.00		74.00		74.00			
801.2	Dues Paid Associated Organizations	10.00		10.00		20.00		20.00			
801.4	Miscellaneous General Expenses	3.00				3.00		3.00			
803	Rents	25.00		25.00		50.00		50.00			
		501,167.81	501,167.81	8,313.99	8,313.99	509,248.25	509,248.25	6,766.17	6,766.17	502,482.08	497,118.15
								5,363.93			5,363.93
								12,130.10	12,130.10	502,482.08	502,482.08

Net Earnings to December 31, 1947 (Account 274)



1,933  
R1125  
cop 2



REA BOOKKEEPING COURSE

Text No. 17  
(Revised 12-52)

Operations Accounting - End of Year





UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration  
Division of the Controller  
Washington 25, D.C.

OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised 12/52)

1. INTRODUCTION

In Text No. 16 the discussion concerned the operating transactions which occurred during the month of November, 1952, for the 48 States Electric Cooperative. In that text, all transactions were posted to appropriate accounts and a trial balance was taken.

In this text we shall discuss the operations of the 48 States Electric Cooperative for the month of December, 1952. We shall not attempt to furnish a detailed explanation for each event and entry, since it would be a repetition of what was given in the previous text. All of the normal operating income and expense transactions will be given. At the close of the text, a trial balance will be shown and the books closed for the year.

2. DECEMBER TRANSACTIONS

<u>EVENTS</u>	:	<u>ENTRIES</u>		
(1)	:	(1)	<u>Debit</u>	<u>Credit</u>
On December 10 penalties	:	125.1 Accounts Receivable -		
were assessed against	:	Electric Consumers	\$ 15.10	
unpaid November bills.	:	612 Consumers' Forfeited		
	:	Discounts and Penalties		\$ 15.10
	:			
	:	To record consumer penalties assessed in December.		

After the meters had been read, bills prepared, and postings made to the consumers' ledger, a tape was taken of consumer bills as a basis for the following journal entry:

(2)	:	(2)		
Sales for the month of	:	125.1 Accounts Receivable -		
December, 1952.	:	Electric Consumers	\$6,260.00	
	:	600 Residential Electric Service		\$ 235.00
	:	601.1 Rural Electric Service - Farm		3,575.00
	:	601.2 Rural Electric Service - Non-Farm		590.00
	:	602.1 Commercial and Industrial		
	:	Electric Service - Small		1,260.00
	:	602.2 Commercial and Industrial		
	:	Electric Service - Large		420.00
	:	603 Public Street and Highway		
	:	Lighting		180.00
	:			
	:	To record sales for the month of December, 1952.		

# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

## EVENTS

## ENTRIES

(3)	(3)	<u>Debit</u>	<u>Credit</u>
Cash collections for	: 120.1 Cash - General	\$6,000.00	
the month were made	: 125.1 Accounts Receivable -		
and entered in the	: Electric Consumers		\$6,000.00
cash received book.	: Collections for the month of December.		

From the daily record of work performed, a summary was made of employees' time and earnings for the month of December with the following distribution:

## PAYROLL DISTRIBUTION FOR DECEMBER, 1952

<u>Account</u>	<u>Manager</u>	<u>Bookkeeper</u>	<u>Stenographer</u>	<u>Lineman</u>	<u>Total</u>
	\$200.00	\$150.00	\$100.00	\$150.00	
761	15.00			50.75	65.75
763	2.00			10.00	12.00
768	30.00			45.25	75.25
775	3.00			10.00	13.00
780	15.00	70.50	56.00	34.00	175.50
787	15.00		8.50		23.50
791	120.00	79.50	35.50		235.00
Total	200.00	150.00	100.00	150.00	600.00
Less:					
Soc. Sec.					
F.I.C.A. (3.00)		(2.25)	(1.50)	(2.25)	(9.00)
Income Tax					
Withheld (17.00)		(22.00)	(5.00)	(24.00)	(68.00)
	\$180.00	125.75	93.50	123.75	523.00

(4)	(4)	
General Funds checks	: 761 Operation of Lines	\$65.75
Nos. 46, 47, 48, 49	: 763 Operation of Street Lighting	
were issued for the net	: and Signal Systems	12.00
amount due each employee:	: 768 Maintenance of Lines	75.25
The postings were made	: 775 Maintenance of Street Lighting	
from the cash disburse-	: and Signal Systems	13.00
ment sheet.	: 780 Meter Reading, Accounting and	
	: Collecting	175.50
	: 787 Demonstration and Other	23.50
	: 791 General Office Salaries	235.00
	: 228.3 Accrued U.S. Social Security Tax -	
	: F.I.C.A.	\$ 9.00
	: 230.2 Accrued Employees Income Tax Withheld	68.00
	: 120.1 Cash - General	523.00
	: Issued General Funds Checks Nos. 46 through 49 in	
	: payment of salaries for December.	



# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u> (5)	:	<u>ENTRIES</u> (5)	<u>Debit</u>	<u>Credit</u>
Recorded employer's portion of U.S. Social Security Tax, F.I.C.A., for the month of December, 1952, on the following salaries:	:	507.3 Taxes - U.S. Social Security - F.I.C.A.	\$ 9.00	
Manager \$200.00	:	228.3 Accrued U.S. Social Security Tax - F.I.C.A.		\$ 9.00
Bookkeeper 150.00	:	To record employer's portion of U.S. Social Security, F.I.C.A., Tax for the month of December, 1952.		
Stenographer 100.00	:			
Lineman 150.00	:			
(6)	:	(6)		
Recorded State and U.S. Social Security Tax, Unemployment, for the month of December, 1952.	:	507.2 Taxes - U.S. Social Security - Unemployment	\$ 1.80	
	:	507.4 Taxes - State Social Security - Unemployment	16.20	
	:	228.2 Accrued U.S. Social Security Tax - Unemployment		1.80
	:	228.4 Accrued State Social Security Tax - Unemployment		16.20
	:	To record unemployment tax liability to State and Federal Governments for the month of December, 1952.		
(7)	:	(7)		
Accrued Property Taxes for December, 1952.	:	507.1 Taxes - Property	\$100.00	
	:	228.1 Accrued Property Taxes		\$100.00
	:	To record accrual of Property Taxes for month of December.		

From the insurance register and the payroll records the necessary information was obtained to make the journal entry recording insurance expense for the month of December:

(8)	:	(8)		
Recorded insurance expense for the month of December, 1952.	:	798 Insurance	\$ 4.00	
	:	799 Injuries and Damages	6.00	
	:	903 Transportation Expenses - Clearing	3.75	
	:	132.1 Prepayments - Insurance		\$ 7.75
	:	230.4 Accrued Insurance		6.00
	:	To record insurance expense for the month of December.		

# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u> (9)	<u>ENTRIES</u> (9)	
Set up depreciation for December, 1952, on distribution plant.	503.5 Depreciation of Distribution Plant	\$1,096.98
	250.5 Reserve for Depreciation of Distribution Plant	\$1,096.98
	To record depreciation on distribution system for the month of December, 1952.	
(10)	(10)	
Recorded depreciation on general plant for the month of December, 1952.	903 Transportation Expenses - Clearing	\$56.79
	503.6 Depreciation of General Plant	6.36
	250.6 Reserve for Depreciation of General Plant	\$63.15
(11)	To record general plant depreciation for December.	
	(11)	
A statement was received showing the accrued-deferred interest on the funds borrowed from REA.	530.1 Interest on REA Construction Loan	\$672.25
	213.3 Interest Accrued - Deferred - REA Construction	\$672.25
	To record accumulated interest for December on obligation to REA.	
(12)	(12)	
Paid for gas and oil used in truck during the month of December, 1952. Issued General Funds Check No. 50 in the amount of \$35.00.	903 Transportation Expenses - Clearing	\$ 35.00
	120.1 Cash - General	\$ 35.00
	Gas and oil for December.	
(13)	(13)	
Paid for repair to truck. Issued General Funds Check No. 51 in the amount of \$8.91.	903 Transportation Expenses - Clearing	\$ 8.91
	120.1 Cash - General	\$ 8.91
	Truck repairs paid.	
(14)	(14)	
Purchased anti-freeze for truck. Issued General Funds Check No. 52 in the amount of \$1.25.	903 Transportation Expenses - Clearing	\$ 1.25
	120.1 Cash - General	\$ 1.25
	Anti-freeze purchased.	



OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(15)	:	(15)		
Cleared Account 903 -	:	761 Operations of Lines	\$ 60.70	
Transportation Expenses -	:	768 Maintenance of Lines	45.00	
Clearing.	:	903 Transportation Expenses -		
	:	Clearing		\$105.70
	:	To clear transportation expenses to		
	:	appropriate accounts.		
(16)	:	(16)		
Paid for telephone and	:	793 General Office Expenses	\$ 11.30	
telegraph service for the	:	120.1 Cash - General		\$11.30
month of December, 1952,	:			
by General Funds Check	:	Paid for telephone and telegraph service.		
No. 53 in the amount of	:			
\$11.30.	:			
(17)	:	(17)		
Paid wholesale power	:	738 Purchased Power	\$735.00	
bill for the month of	:	120.1 Cash - General		\$735.00
December, 1952. Issued	:			
General Funds Check	:	Paid wholesale power bill for December.		
No. 54 in the amount of	:			
\$735.00.	:			
(18)	:	(18)		
Paid bank service charges.	:	793 General Office Expenses	\$1.75	
Issued General Funds	:	120.1 Cash - General		\$1.75
Check No. 55 for \$1.75.	:			
	:	Paid bank service charges.		
(19)	:	(19)		
Paid directors' fees for	:	801.1 Directors' Fees and Mileage	\$35.00	
the month of December,	:	120.1 Cash - General		\$35.00
1952. Issued General	:			
Funds Checks Nos. 56, 57,	:	Paid directors' fees for December.		
58, 59, 60, 61, and 62.	:			
(20)	:	(20)		
Drew Check No. 63 on	:	793 General Office Expenses	\$11.00	
General Funds to reimburse	:	120.1 Cash - General		\$11.00
Petty Cash Funds for \$11.00:	:			
Accounting Forms \$2.00	:	Replenished Petty Cash:		
Stationery 3.00	:	Accounting Forms \$2.00		
Janitor Supplies 4.00	:	Stationery 3.00		
Janitor Service 2.00	:	Janitor Supplies 4.00		
	:	Janitor Service 2.00		
	:	\$11.00		



OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(21)	:	(21)		
Issued General Funds	:	222.1 Accounts Payable - General	\$ 25.00	
Check No. 64 for \$50.00	:	803 Rents	25.00	
for rent for the months	:	120.1 Cash - General		\$ 50.00
of November and December,	:			
1952.	:	Paid rent for November and December.		
(22)	:	(22)		
A consumer's check marked	:	125.1 Accounts Receivable -		
N.S.F. was returned by the	:	Electric Consumers	\$ 3.11	
bank.	:	120.1 Cash - General		\$ 3.11
	:	Consumer's check returned.		
(23)	:	(23)		
Issued General Funds	:	230.2 Accrued Employees' Income		
check No. 65 to Collector	:	Tax Withheld	\$180.00	
of Internal Revenue in	:	120.1 Cash - General		\$180.00
Payment of Income Tax	:			
Withheld from employees.	:	Paid employees' withheld Income Tax		
	:	to Collector of Internal Revenue.		
(24)	:	(24)		
Reimbursed General Funds	:	120.6 Transfer of Cash	\$101.00	
for salaries paid on G.F.	:	120.2 Cash - REA Construction		
Checks Nos. 30 to 33 paid	:	Fund - Trustee		\$101.00
to manager and lineman	:	Reimbursed General Funds for		
for work order construc-	:	payment of construction salaries.		
tion; issued REA	:			
Construction Check No. 66	:			
in the amount of \$44.80.	:			
(25)	:	(25)		
Deposited REA Construction	:	120.1 Cash - General	\$101.00	
Check No. 66 in General	:	120.6 Transfer of Cash		\$101.00
Funds.	:			
	:	Received refund from REA Construction		
	:	Funds for payment of construction		
	:	salaries on General Funds Checks		
	:	Nos. 30 and 33.		

The method of reimbursing General Funds for payment of taxes properly allowable from REA Construction Funds is illustrated in Events No. 27 and No. 28. (Payment of all taxes by General Funds and reimbursement of the construction portion is the procedure recommended.)

# OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17

(Revised)

<u>EVENTS</u>		<u>ENTRIES</u>		
(26)		(26)	Debit	Credit
1/12 of membership fee in State Electrical Organization applicable to operation expense for the month of December, 1952, was so charged.	:	801.2 Dues Paid Associated Organizations	\$ 10.00	
	:	132.2 Other Prepayments		\$ 10.00
	:	To charge monthly portion of State Electrical Organization membership fee to expense.		
(27)		(27)		
Issued REA Construction Check No. 67 to reimburse General Funds for payment of Income Tax withheld applicable to salaries paid from REA Construction Funds on Checks Nos. 35, 36 and 37.	:	120.6 Transfer of Cash	\$ 44.00	
	:	120.2 Cash - REA Construction Fund		\$ 44.00
	:	To reimburse General Funds for construction portion of withheld Income Tax paid to the Collector of Internal Revenue.		
(28)		(28)		
Deposited REA Construction Check No. 68 in General Funds.	:	120.1 Cash - General	\$ 44.00	
	:	120.6 Transfer of Cash		\$ 44.00
	:	To record receipt of reimbursement from REA Construction Funds for payment of taxes allowable from those funds.		

## 3. RESERVE FOR UNCOLLECTIBLE CONSUMERS' ACCOUNTS

The delinquent consumers' accounts should be aged and analyzed as of the end of a year and the cooperative's manager should indicate which of those among the accounts he believes will prove to be uncollectible. From these, all accounts protected by consumers' deposits or refundable membership fees should be deducted, and a reserve established equal to the remaining probable loss.

A journal entry is made debiting account 783 - Uncollectible Accounts - and crediting account 254.2 - Reserve for Uncollectible Accounts - Electric Consumers - with the estimated loss thus arrived at.

The reserve is maintained by a journal entry each month debiting account 783 - Uncollectible Accounts - and crediting account 254.2 with a provision for estimated losses from uncollectible accounts based on a rate developed from past experience. This percentage rate is obtained by first ascertaining all losses of this type to date, including those estimated above, and dividing that amount by the total revenue from energy sales to the date at which the reserve was established. The percentage rate is then applied to the gross revenue from energy sales each month to obtain the figure for use in the journal entry.



For example, if the total past losses divided by the gross revenues to date should result in a quotient of .00145, a rate of .145% would be applicable against the revenue of a given month. Thus, a revenue of \$4,000 would call for the following entry:

	<u>Debit</u>	<u>Credit</u>
783 - Uncollectible Accounts	\$5.80	
254.2 Reserve for Uncollectible Accounts - Electric Consumers		\$5.80

To record possible bad-debt losses, based upon past experience, by applying a rate of .145% against revenues of \$4,000 for the month of \_\_\_\_\_.

When approval of the board of directors has been granted for writing off accounts determined to be uncollectible, the write-off should be recorded by debiting Reserve for Uncollectible Accounts and crediting Accounts Receivable - Electric Consumers - in a journal entry specifying which accounts are written off.

If collections are made on accounts previously written off, such collections should be debited to account 120.1 - Cash - General - and credited to account 254.2 - Reserve for Uncollectible Accounts - Electric Consumers.

The procedures described above have not been illustrated in the examples and problems of this course because the fictitious organizations, the transactions of which have been outlined herein, have not been carried through operating periods of sufficient length to make practicable the establishment of reserves for uncollectible consumers' accounts.

#### 4. GENERAL

Upon referring to the trial balance at the end of this text, and to account 222.2 - Accounts Payable - REA Construction, it will be noted that the balance represents the 10% withheld from the contractor and the engineer in accordance with the terms of their respective contracts.

It was necessary to record these unpaid balances in order to reflect the total cost of construction as well as unpaid obligation. It was also necessary to withhold payment of 10% pending the execution of the necessary documents in connection with the contracts.

#### 5. CLOSING THE BOOKS

##### a. Comparative Trial Balance:

As will be noted from reading the texts relative to REA bookkeeping procedures, the ledger accounts are not closed each month. As of December 31, after all entries have been posted, the accounts are ruled. The balances of those not closed out are brought forward to the new year.

After all entries for the year have been posted to the various accounts, the balances are determined and inserted in pencil in the appropriate balance column. A comparative trial balance is prepared as illustrated by the attached specimen.



## OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

After balances of all accounts have been listed on the trial balance, the debit and credit columns are totaled. If total debits equal the total credits, the general ledger is in balance.

The account balances as of November 30, 1952, are inserted under the heading "Trial Balance, November 30, 1952." The debit and credit columns should be totaled to prove the accuracy of the work.

The caption headed "Changes During the Month" represents the debit and credit postings made for the month of December as indicated by the general ledger accounts. For each account, the balance listed as of November 30, 1952, plus any debit and minus any credit shown equals the balance for December 31, 1952. The balance thus obtained and shown under the heading "Trial Balance, December 31, 1952," must agree with the actual balance at that date as it appears in the account in the general ledger.

In the section headed "Operating Statement, December 31, 1952," there should be entered the expense and income account balances shown by the column for the December 31 trial balance. Asset and liability account balances should be entered in the section headed "Balance Sheet, December 31, 1952."

The debit and credit columns under the "Operating Statement" caption should be totaled, as shown on the attached specimen. It will be noted that the total of the income column is in excess of the expense column, indicating that the cooperative has earnings. The amount of these earnings is determined by subtracting the total debits from the total credits. The result in figures is shown in the debit column in order that the totals of the debits and credits under the "Operating Statement" caption will balance. Likewise, the amount of net earnings is shown as a credit in the "Balance Sheet" columns, as the amount will be reflected in the balance of account 274 - Operations Clearing, which is to be transferred to account 201.2 - Patronage Capital Assignable. The Balance Sheet columns should now be totaled and it will be noted that the assets are in excess of the liabilities. The net earnings, when included in the liability column as shown, bring the totals of the Balance Sheet columns in agreement.

It is highly important when preparing the trial balance to see that the various debit and credit columns are in agreement, step by step, so that the accuracy of the work may be proved.

### b. Closing Journal Entries:

In the texts relative to general accounting principles, expense and income account balances at the end of the accounting period were closed to a "Profit and Loss" account. The resultant Profit and Loss account balance was then closed to the "Surplus" account.

In general, the REA accounting system follows the Uniform System of Accounts prescribed by the Federal Power Commission for the use of public and private power distributors. However, it is modified in some respects so as to meet the needs of REA-financed cooperatives more specifically. One change is necessitated

OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

by the non-profit nature of the cooperative form of enterprise. The method of closing out the operating revenue and expenses in an REA cooperative is illustrated in events Nos. 29 and 30. Non-operating incomes and expenses would be closed directly into account 273.2 - Non-Operating Margins. Only the operating revenue and expense accounts, however, are illustrated in this text.

The account balances for the closing entries for the year may now be obtained from the Operating Statement columns of the comparative trial balance.

<u>EVENTS</u>		<u>ENTRIES</u>		
(29)		(29)	Debit	Credit
Transferred operating	600	Residential Electric Service	\$ 445.00	
revenue account balances	601.1	Rural Electric Service - Farm	6,960.00	
to Account 274.	601.2	Rural Electric Service -		
		Non-Farm	1,160.00	
	602.1	Commercial and Industrial		
		Electric Service - Small	2,400.00	
	602.2	Commercial and Industrial		
		Electric Service - Large	810.00	
	603	Public Street and Highway		
		Lighting	340.00	
	612	Consumers' Forfeited Discounts		
		and Penalties	15.10	
	274	Operations Clearing		\$12,130.10
		To transfer operating revenue account balances as of		
		December 31, 1952, to Operations Clearing.		
(30)		(30)		
Transferred operating	274	Operations Clearing	\$3,079.32	
expense account balances	738	Purchased Power		1,455.00
to Account 274.	761	Operation of Lines		246.61
	763	Operation of Street Lighting		
		and Signal Systems		14.00
	768	Maintenance of Lines		271.92
	775	Maintenance of Street Lighting and		
		Signal Systems		20.50
	780	Meter Reading, Accounting and		
		Collecting		331.00
	787	Demonstration and Other		50.75
	791	General Office Salaries		466.00
	793	General Office Expenses		55.54
	798	Insurance		8.00
	799	Injuries and Damages		13.00
	801.1	Directors' Fees and Mileage		74.00
	801.2	Dues Paid Associated Organizations		20.00
	801.4	Miscellaneous General Expenses		3.00
	803	Rents		50.00
		To transfer operating expense account balances		
		as of December 31, 1952, to Operations Clearing.		



OPERATIONS ACCOUNTING - END OF YEAR

Text No. 17  
(Revised)

<u>EVENTS</u>	:	<u>ENTRIES</u>	<u>Debit</u>	<u>Credit</u>
(31)	:	(31)		
Closed operating	:	274 Operations Clearing	\$3,778.95	
expense account	:	503.5 Depreciation of Distribution		\$2 193.96
balance into	:	Plant		12.72
Operations Clearing.	:	503.6 Depreciation of General Plant		200.00
	:	507.1 Taxes - Property		3.30
	:	507.2 Taxes - U.S. Social Security -		16.48
	:	Unemployment		29.67
	:	507.3 U.S. Social Security Tax - F.I.C.A.		1,322.82
	:	507.4 Taxes - State Social Security -		
	:	Unemployment		
	:	530.1 Interest on REA Construction Loan		
	:	To close other operating expense accounts for the		
	:	year 1952 to Operations Clearing.		
(32)	:	(32)		
Closed Operations	:	274 Operations Clearing	\$5,271.83	
Clearing account to	:	201.2 Patronage Capital		\$5,271.83
Patronage Capital	:	Assignable		
Assignable.	:	To close Operations Clearing account to		
	:	Patronage Capital Assignable.		

The net earnings for the year, after the closing journal entries have been posted to the general ledger, will be reflected as a credit balance in Account 201.2 - Patronage Capital Assignable, until an audit is made, when the balance will be transferred to Account 201.1 - Patronage Capital Credits.

Throughout Texts Nos. 15, 16, and 17 which relate to bookkeeping transactions as outlined for the 48 States Electric Cooperative, each such transaction was presented by first giving a brief description and then showing the type of entry which would be necessary properly to record it. The entries were shown in journal form purposely in order that the student would obtain a clearer understanding as to the purpose and intent of the entry by reference to the brief explanation shown opposite.

In actual bookkeeping practice, the various entries which have been included in Texts Nos. 15, 16, and 17 would be entered in chronological order in the various books of original entry described in Text No. 13.

In order that the student may become more familiar with the various bookkeeping transactions of the cooperative and the books of account prescribed by REA, all of the transactions in solutions for Texts 15 and 16 should be reviewed.

Attention is called to the summary of the miscellaneous column illustrated on the Cash General Check Register. The purpose of summaries such as this is to facilitate posting to the General Ledger the total of the amounts applicable to each account appearing in the miscellaneous column.



Forty-Eight States Electric Cooperative  
Comparative Trial Balance as of Dec. 31, 1952

Acct. No.	Name of Account	Trial Balance November 30, 1952	Changes during Month	Trial Balance December 31, 1952	Operating Statement December 31, 1952	Balance Sheet December 31, 1952
1						
100.32	Construction Work in Progress - Force Account	340.20		340.20		340.20
100.6	Unclassified Electric Plant in Service	368,354.79		368,354.79		368,354.79
120.1	Cash - General	4,353.76	4,549.68	8,903.44		8,903.44
120.2	Cash - REA Construction Fund - Trustee	40,558.24	145.00	40,413.24		40,413.24
122	Petty Cash	25.00		25.00		25.00
125.1	Accounts Receivable - Electric Consumers	5,855.00	278.21	6,133.21		6,133.21
125.3	Accounts Receivable - REA Construction Fund	54.00		54.00		54.00
131.1	Materials and Supplies - Electric	8,622.04		8,622.04		8,622.04
132.1	Prepayments - Insurance	85.25	7.75	77.50		77.50
132.2	Other Prepayments	110.00	10.00	100.00		100.00
135.12	Allocation Construction - Notes Executed	54,237.25		54,237.25		54,237.25
140	Unamortized Loan Expense	392.50		392.50		392.50
142	Preliminary Survey and Investigation Charges	115.20		115.20		115.20
200.1	Memberships Issued	6,075.00		6,075.00		6,075.00
200.2	Memberships Subscribed but Unissued	50.00		50.00		50.00
213.12	Long-Term Debt - Construction Executed Notes	450,000.00		450,000.00		450,000.00
213.3	Interest-Accrued - Deferred - REA Construction	1,506.44	672.25	2,178.69		2,178.69
222.1	Accounts Payable - General	25.00	25.00			
222.2	Accounts Payable - REA Construction	36,381.62		36,381.62		36,381.62
228.1	Accrued Property Tax	100.00	100.00	200.00		200.00
228.2	Accrued U.S. Social Security Tax - Unemployment	1.80	1.80	3.60		3.60
228.3	Accrued U.S. Social Security Tax - F.I.C.A.	31.50	18.00	49.50		49.50
228.4	Accrued State Social Security Tax - Unemployment	16.20	16.20	32.40		32.40
230.2	Accrued Employees' Income Tax Withheld	112.00	112.00			
230.4	Accrued Insurance	2.00	6.00	8.00		8.00
250.5	Reserve for Depreciation of Distr. Plant	1,096.98	1,096.98	2,193.96		2,193.96
250.6	Reserve for Depreciation of General Plant	139.52	63.15	202.67		202.67
301	Organization			500.00		500.00
350	Land and Land Rights	889.00		889.00		889.00
358	Line Transformers	2,718.00		2,718.00		2,718.00
360	Meters	7,196.00		7,196.00		7,196.00
372	Office Furniture and Equipment	1,271.40		1,271.40		1,271.40







**Forty-Eight States Electric Cooperative**

**Comparative Trial Balance as of Dec. 31, 1952**

Acct. No.	Name of Account	Trial Balance November 30, 1952	Changes during Month	Trial Balance December 31, 1952	Operating Statement December 31, 1952	Balance Sheet December 31, 1952
373	Transportation Equipment	2,050.00		2,050.00		2,050.00
376	Laboratory Equipment	100.00		100.00		100.00
377.1	Tools and Work Equipment - Small	142.00		142.00		142.00
379	Miscellaneous Equipment	12.50		12.50		12.50
503.5	Depreciation of Distribution Plant	1,096.98	1,096.98	2,193.96	2,193.96	
503.6	Depreciation of General Plant	6.36	6.36	12.72	12.72	
507.1	Taxes - Property	100.00	100.00	200.00	200.00	
507.2	Taxes - U.S. Social Security - Unemployment	1.50	1.80	3.30	3.30	
507.3	U.S. Social Security Tax - F.I.C.A.	7.48	9.00	16.48	16.48	
507.4	Taxes - State Social Security - Unemployment	13.47	16.20	29.67	29.67	
530.1	Interest on REA Construction Loan	650.57	672.25	1,322.82	1,322.82	
600	Residential Electric Service		235.00	445.00	445.00	
601.1	Rural Electric Service - Farm	3,385.00	3,575.00	6,960.00	6,960.00	
601.2	Rural Electric Service - Non-Farm	570.00	590.00	1,160.00	1,160.00	
602.1	Commercial and Industrial Electric Service-Small	1,140.00	1,260.00	2,400.00	2,400.00	
602.2	Commercial and Industrial Electric Service-Large	390.00	420.00	810.00	810.00	
603	Public Street and Highway Lighting	160.00	180.00	340.00	340.00	
612	Consumers' Forfeited Discounts and Penalties		15.10	15.10	15.10	
738	Purchased Power	720.00	735.00	1,455.00	1,455.00	
761	Operation of Lines	120.16	126.45	246.61	246.61	
763	Operation of Street Lighting and Signal Systems	2.00	12.00	14.00	14.00	
768	Maintenance of Lines	151.67	120.25	271.92	271.92	
775	Maintenance of Street Lighting and Signal Systems	7.50	13.00	20.50	20.50	
780	Meter Reading, Accounting and Collecting	155.50	175.50	331.00	331.00	
787	Demonstration and Other	27.25	23.50	50.75	50.75	
791	General Office Salaries	231.00	235.00	466.00	466.00	
793	General Office Expenses	31.49	24.05	55.54	55.54	
798	Insurance	4.00	4.00	8.00	8.00	
799	Injuries and Damages	7.00	6.00	13.00	13.00	
801.1	Directors' Fees and Mileage	39.00	35.00	74.00	74.00	
801.2	Dues Paid Associated Organizations	10.00	10.00	20.00	20.00	
801.4	Miscellaneous General Expenses	3.00		3.00	3.00	
803	Rents	25.00	25.00	50.00	50.00	
		501,393.06	8,412.23	509,805.29	6,858.27	502,647.27
		501,393.06	8,412.23	509,805.29	5,271.83	521.83
					12,130.10	502,647.27

Net Earnings to December 31, 1952 (Account 274)



